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**Report of the External Auditor, financial
performance report and programme performance
report for the biennium 2006-2007**

Programme and Budget Committee

Twenty-fourth session

Vienna, 3-4 September 2008

Item 3 of the provisional agenda

**Report of the External Auditor, financial
performance report and programme performance
report for the biennium 2006-2007**

Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial period 1 January 2006 to 31 December 2007¹

Contents

	<i>Paragraphs</i>	<i>Page</i>
LETTER OF TRANSMITTAL		4
I. INTRODUCTION	1-4	5
II. TERMS OF REFERENCE AND AUDIT APPROACH	5-6	5
III. GOVERNANCE MATTERS	7-13	6
A. Internal control framework	7-9	6
B. Implementation of International Public Sector Accounting Standards	10-13	9
IV. NON-EXPENDABLE PROPERTY	14-17	9
V. RESULTS-BASED MANAGEMENT	18-31	10
A. Introduction	18	10
B. Institutionalisation of RBM	19-23	10
C. Performance monitoring system	24-26	11

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¹ The present document has not been edited.

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D.	RBM data collection system	27-28	11
E.	RBM at field offices	29-30	12
F.	Sustainable implementation of RBM	31	12
VI.	CONCLUSION	32	12
Annexes			
I.	FOLLOW-UP OF THE RECOMMENDATIONS MADE IN PRIOR EXTERNAL AUDIT REPORTS		13
II.	OPINION OF THE EXTERNAL AUDITOR		15
III.	FINANCIAL STATEMENTS FOR THE BIENNIUM 2006-2007 ENDED 31 DECEMBER 2007		16
	Report by the Director-General		16
	Chart of consolidated accounts for the biennium 2006-2007		19
	Certification of financial statements		20
	Statement I Statement of income and expenditure and changes in reserves and fund balances for the biennium 2006-2007		21
	Statement II Statement of assets, liabilities, reserves and fund balances as at 31 December 2007		23
	Statement III Consolidated statement of cash flow for the biennium 2006-2007 as at 31 December 2007		25
	Statement IV General Fund: Status of appropriations by major programme for the biennium 2006-2007 as at 31 December 2007		26
	Schedule 1 Status of assessed contributions to the regular budget (in euros) for the biennium 2006-2007 as at 31 December 2007		27
	Schedule 1.1 Supplementary estimates for the biennium 2004-2005 for security enhancements – status as of 31 December 2007		34
	Schedule 2 Status of advances to the Working Capital Fund for the biennium 2006-2007 as at 31 December 2007		38
	Schedule 3 General Fund: Status of appropriations by major object of expenditure for the biennium 2006-2007 as at 31 December 2007		42
	Schedule 4 Other Headquarters funds. Buildings Management Services: Status of appropriations by major object of expenditure for the biennium 2006-2007		43
IV.	NOTES TO THE FINANCIAL STATEMENTS		44
	Note 1: Objectives and activities of UNIDO		44
	Note 2: Summary of significant accounting policies		44
	Note 3: General Fund and Working Capital Fund		47
	Note 4: Other Headquarters funds		55
	Note 5: Technical cooperation		57
	Annex I Technical cooperation activities executed by UNIDO		62

Table 1	Combined statement of income and expenditure and changes in reserves and fund balances for the biennium 2006-2007 (in euros).....	62
Table 1	Statement of income and expenditure and changes in reserves and fund balances for the biennium 2006-2007 (in US dollars)	63
Table 1	Statement of income and expenditure and changes in reserves and fund balances for the biennium 2006-2007 (in euros)	64
Table 2	Combined statement of assets, liabilities, and reserves and fund balances as at 31 December 2007 (in euros)	65
Table 2	Statement of assets, liabilities, and reserves and fund balances as at 31 December 2007 (in US dollars)	66
Table 2	Statement of assets, liabilities, and reserves and fund balances as at 31 December 2007 (in euros)	67
Table 3	Summary of transactions on sub-accounts of the Industrial Development Fund for the biennium 2006-2007 as at 31 December 2007 – US dollar-based (in US dollars)	68
Table 3	Summary of transactions on sub-accounts of the Industrial Development Fund for the biennium 2006-2007 as at 31 December 2007 – Euro-based (in euros)	70
Table 4	Summary of technical cooperation activities financed by trust funds for the biennium 2006-2007 as at 31 December 2007 – Dollar-based (in US dollars)	71
Table 4	Summary of technical cooperation activities financed by trust funds for the biennium 2006-2007 as at 31 December 2007 – Euro based (in euros)	77
Table 5	Summary of technical cooperation activities for the biennium 2006-2007 financed under inter-organization agreements (in US dollars)	79
Annex II	Operating funds – UNDP and UNDP trust funds	80
Statement I	Global Environment Facility.....	81
Statement I	Republic of Korea Fund for the Tumen Region	82
Annex III	Special account for Buildings Management Services.....	83

26 June 2008

The President of the Industrial Development Board
UNIDO
P.O. Box 300
A-1400 Vienna
Austria

Dear Sir/Madam

LETTER OF TRANSMITTAL

I have the honour to present to the thirty-fifth session of the Industrial Development Board, through the twenty-fourth session of the Programme and Budget Committee, my report and opinion on the financial statements of the United Nations Industrial Development Organization for the financial period 1 January 2006 to 31 December 2007.

In transmitting my report I wish to advise that, in accordance with the United Nations Industrial Development Organization's Financial Regulations, I have given the Director-General the opportunity to comment on my report and it is issued on the basis of the assurance that he does not have any significant comment.

Yours faithfully

[Signed]

Terence Nombembe
External Auditor
Auditor-General of the
Republic of South Africa

I. INTRODUCTION

1. The audit of the United Nations Industrial Development Organization (UNIDO) was assigned to the Auditor-General of the Republic of South Africa for the 2006-2007 financial period by resolution GC.11/Dec.16 adopted at the eleventh regular session of the General Conference. It is a great honour to submit my report on the salient matters arising from the external audit to the thirty-fifth session of the Industrial Development Board (IDB), through the twenty-fourth session of the Programme and Budget Committee (PBC). This concludes my third and final term in office.

2. The final audit of the financial statements covering the period 1 January 2006 to 31 December 2007 was completed in accordance with the provisions of the Financial Regulations. In addition to visits to the UNIDO headquarters, several field offices were audited in loco. The financial audit was supplemented with various value-added and additional audit procedures. These included governance matters, the implementation of results-based management and a review of non-expendable property. The Secretariat is actively following up the recommendations arising from my audit, and the status of implementation of my recommendations that arose from the audit of the 2004-2005 financial period is included in annex I.

3. The planned audit approach and results of the audit work performed during the first year of the financial period were included in my interim report, which was transmitted to the thirty-third session of the Industrial Development Board, through the twenty-third session of the Programme and Budget Committee in documents IDB.33/8 and PBC.23/8, respectively. The purpose of this report is to inform the Industrial Development Board, through the Programme and Budget Committee, of significant matters arising from the external audit of the 2006-2007 financial period, as well as the current status of matters raised in my interim report.

4. I am pleased to be able, through the external audit of the accounts, to provide assurance that the financial records of UNIDO are generally reliable and well maintained and that adequate internal controls have been implemented. These controls could be further improved, as indicated by some of my observations in this report. I have expressed an unqualified opinion on the financial statements for the period ended 31 December 2007.

II. TERMS OF REFERENCE AND AUDIT APPROACH

5. The audit was carried out in accordance with Article XI of the Financial Regulations of UNIDO and the additional terms of reference governing external audit contained in the Annex thereto, as well as International Standards on Auditing. In accordance with these terms of reference, the auditor shall express an opinion and report on the financial operations and various other matters set out therein. In addition, the mandate of the external auditor provides the opportunity to add value to the accountability process in order to assist the organisation in achieving its objectives effectively, efficiently and economically.

6. In addition to the audit of UNIDO, the separate accounts of Catering Services at the Vienna International Centre are audited and a separate audit report was transmitted to the Director-General as required by the rules of the Catering Services. While the Trust Fund for the Global Environmental Facility is audited as part of the audit of UNIDO, a special arrangement has been made for a separate audit opinion to be expressed on this trust fund. Pursuant to the legislative requirement (IDB.24/Dec.7), which requires an auditor's report on the established special accounts, I continued to audit these special accounts as part of my review of the 2006-2007 financial statements. As such, these special accounts will be covered by my audit opinion on the financial statements for the biennium under review.

III. GOVERNANCE MATTERS

A. Internal control framework

7. In terms of the Financial Regulations, I may make observations with respect to the economy, efficiency and effectiveness of the financial procedures, the accounting system, the internal financial controls, and in general, the administration and management of the organisation. Furthermore, according to the additional terms of reference governing the audit of the organisation, I must satisfy myself that the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereon.

8. To this end, in my interim report (PBC.23/8), I had concluded that the Office of Internal Oversight Services (IOS) might not be able to effectively discharge its responsibility relating to UNIDO's internal control framework. This, I had concluded, was due to the budgetary resources allotted to the IOS that had not increased commensurately with the higher level of auditable, consultative and investigative activities that flowed from the programme and budget of the organisation.

9. I continued to review the work of the IOS and, together with my own findings, found a number of areas where the organisation's internal control framework should be strengthened, at both headquarters and field offices. These areas call for immediate remedial measures through new and improved procedures, systems, controls, supervision and administration, and are discussed in more detail under the appropriate headings below. In this context, management indicated that the control framework would be examined afresh during 2008-2009, also within the ambit of enterprise risk management.

(a) **Decentralisation:** The organisation, at the request of the General Conference, is carrying forward the process of decentralisation to the field offices with the ultimate aim of enhancing the effectiveness of technical cooperation (TC) delivery, improving the performance of field offices and ensuring the cost-effectiveness of the field structure. Apart from the redeployment of resources/staff, decentralisation also amplified the delegation of authority, key functions and responsibilities to field offices, in particular for project-related local procurement and recruitment. It is in this regard that I found inconsistencies in application and non-compliance, which could indicate a need for revision and clarification of the functions and responsibilities of key role players at the field offices and at headquarters.

Management acknowledged that, following the new field mobility policy introduced in this biennium, the movement of staff to the field offices, together with new recruitments, created an adjustment challenge for the organisation at both headquarters and field offices. Management believed that the recent establishment of the operational coordination committee would address some of the already identified bottlenecks and the delegation of responsibility issues. In addition, a Director-General's bulletin was being drafted that would further clarify and reiterate governance and internal control issues such as key functions and responsibilities of allotment holders, project implementation, harmonisation of functions and clear delineation of responsibilities between headquarters and the field offices. Furthermore, to rectify non-compliance with rules and procedures, several headquarters-based training sessions were initiated, focusing on "imprest" account management, financial, human resources and procurement rules and procedures, and Agresso matters.

(b) **Decentralised structure:** The UNIDO decentralised structure provides for a range of different representative offices and other project offices that have distinct working methods and follow different approaches in performing their activities, resulting in several inconsistencies. Potential exists for the harmonisation of their functions and processes and a clear delineation of responsibilities between headquarters units, these offices and, more importantly, between field and project offices when located in the same country. In this way, I believe, the organisation will improve its effectiveness and ensure that its combined resources are put to the best use.

Management noted that UNIDO field offices, including project offices, followed UNIDO regulations and rules, though project offices were frequently guided by specific trust funds/agreements. Harmonisation of functions between these offices would be improved as far as possible, but this might not always be practical, as the rules governing their operations differed.

(c) **Project implementation and monitoring:** The roles of project managers and other stakeholders involved in the implementation of projects at the field offices are not clearly identified. I often found that decisions related to staffing and procurement were inconsistent and not properly substantiated. It also appeared as if some decisions were influenced by external stakeholders, not necessarily in the best interest of the organisation. I therefore recommended that UNIDO reconsider its governance arrangements for project implementation in line with accepted UN practices.

Management highlighted that the new procurement manual had clarified the roles of the various players in any procurement process, both at headquarters and at the field offices, and between the allotment holders and the UNIDO representatives. Regarding the recruitment of national project personnel, the rules had been defined by various instructions of the Director-General. Management reiterated that UNIDO exercised complete control over the processes and discharged its full responsibility in any action in line with the existing instructions.

With respect to monitoring project implementation, I often found that middle management based at headquarters, such as unit chiefs and directors of branches, generally limited their supervisory project responsibility to that of monitoring at substantive level, with no or limited demonstration of monitoring at managerial and administrative level. To this end, the TC guidelines and internal procedures should provide more clarity on the roles and responsibilities of all stakeholders in projects, inclusive of accountability arrangements.

Management commented that the requirements of the Global Environment Facility fiduciary standards on monitoring of projects-at-risk had been reviewed, with the gap analysis for the monitoring of projects during the project cycle already executed. Further work to carry this initiative forward was expected in 2008, with reference to enterprise risk management. In addition, the programme development and technical cooperation division was in the process of further clarifying the managerial and administrative responsibilities of its middle management, such as directors and unit chiefs, so that the necessary accountability could be established at an appropriate level within the division. The terms of reference for unit chiefs were about to be issued by the human resource management branch, which should also assist in defining clear responsibilities of unit chiefs in the future.

(d) **Recording and supporting documentation of expenditure at field offices:** Field offices typically incur expenditure either by way of field inter-office vouchers, administratively supported by the United Nations Development Programme (UNDP), or through “imprest” accounts, where the field office makes payment from a local bank account. In both scenarios, the supporting documentation remains with either the UNDP or the field office. This prohibits easy monitoring of these transactions by headquarters. I therefore recommended that a system of e-filing be investigated to allow for closer and easier inspection and review by the relevant substantive and administrative units at headquarters.

Management noted that, with operational decentralisation, monitoring of the field office expenditure was delegated to allotment holders/project managers. Clear responsibility was also fixed in the field office for the management of the “imprest” accounts. During 2007, the financial services branch introduced an in-house developed e-reporting package for “imprest” accounting. Random checking of supporting documents on expenditure was also done from time to time. The possibility to implement e-filing for expenditure incurred through “imprest” accounts would be explored first for “imprest” accounts and later extended to field inter-office vouchers, if possible. The additional resources required would have to be borne in mind.

(e) **Procurement:** My assessment of decentralised procurement at the field offices highlighted a number of weaknesses which resulted from inadequate monitoring, both at headquarters and at the field offices.

These weaknesses included: non-compliance with UNIDO rules, manuals and administrative instructions; inefficient and ineffective procurement processes; no accountability arrangements for incidents of non-

compliance; full and open competition for procured items not always achieved; items purchased at prices in excess of market or competitive prices; purchases not made at arm's length; limited enforcement of vendor performance; vendor roster mechanism not complied with; no unique vendor numbering system that would allow for statistical analysis and exception reporting; and related party transactions not disclosed.

Recognising that the decentralised procurement at the field offices required strengthening, management anticipated that the recent introduction of the revised procurement manual in 2008 would establish a solid basis for increasing the efficiency, openness, transparency and integrity of the procurement processes and accountability of the staff involved. In this connection, a number of measures had already been implemented or were in the process of being implemented. These included the issuance of delegations of procurement authority to project allotment holders and UNIDO representatives at the field offices, who performed decentralised procurement; the introduction of declarations of compliance with UNIDO procurement ethics and professional standards; the development and continued rollout of a comprehensive training programme to increase the general awareness of procurement rules; the publication of relevant reference documentation on the UNIDO Intranet, making it easily accessible to UNIDO staff at large, including UNIDO field offices; the current development of a computerised monitoring system, providing management with exception reports which could indicate incidents of non-compliance with procurement rules; and the recently established operational coordination committee, which would also be addressing procurement issues.

(f) **Non-expendable property:** The management of non-expendable property at the field offices, in particular project inventory, requires significant improvement and remedial measures. The internal controls related to project inventory, especially with the decentralisation of procurement to the field offices, were found to be inadequate. Certain inventory listings were found to be incomplete and some items of inventory could not be identified with ease as they did not have unique identification numbers. However, write-off and disposal procedures have improved significantly with the establishment of the UNIDO Property Survey Board. Improved internal controls over the management of non-expendable property would also go a long way in facilitating the smooth transition to the International Public Sector Accounting Standards (IPSAS), as elaborated on below.

Management indicated that the operational support services branch, with the support of senior management, specifically of the programme coordination and field operation division, would continue with its efforts aimed at achieving full compliance with the rules and procedures governing UNIDO's property management. Such compliance had to be taken into account in evaluating the performance of field offices since only through this joint and coordinated effort, overall improvement of UNIDO's property management could be achieved.

(g) **Performance monitoring:** At organisational as well as individual level, I noted in several instances that TC delivery was being used as a key indicator for measuring performance. I have however not found evidence of performance assessment at a team/group level, which would serve as an incentive to work well as a team. Further, I noted that project reviews were largely focusing on substantive matters, inter alia assessing outputs, outcomes and impact, with limited or no assessment of performance in managerial and administrative matters. This narrow approach to performance assessment at the level of projects does not allow for a comprehensive view of project performance and limits the measurement of efficiency gains. These findings seem to indicate a misalignment of performance assessment at organisational, project and individual level and require revision by management.

Management acknowledged that, in the past, TC delivery had been used as an indicator for measuring the organisation's performance, but that with the progressive introduction of results-based management (RBM), there was a distinct shift towards results-orientated management, including using the achievement of objectives as a criterion for assessing and reporting on performance at all levels. This was reflected in the RBM implementation plan for 2008. As regards performance assessments at the level of projects, management concurred that managerial and administrative matters could be treated in some more depth when performing project reviews and undertook to assign it increased significance. Management also drew attention to the recent establishment of a working group by the UNIDO joint advisory committee that would align the existing individual performance

appraisal system to reflect better RBM principles and would harmonise practices in the divisions so that individual performance objectives were clearly formulated based on divisional and branch performance objectives. Team work would also be addressed in this context.

B. Implementation of International Public Sector Accounting Standards

10. I took note that the General Conference approved, at its twelfth session, the adoption of the International Public Sector Accounting Standards (IPSAS) by UNIDO (GC.12/Dec.14). To this end, the organisation is committed towards implementing IPSAS, as part of a system-wide implementation by the United Nations, by 1 January 2010.

11. I consider the adoption of IPSAS as a significant step forward to improving the quality, consistency and comparability of financial reporting within the United Nations system. Moreover, the adoption of IPSAS is seen as an essential component of good governance, accountability and transparency.

12. I have since continuously monitored developments on this front which included, inter alia, approval by the General Conference of a new programme to facilitate a smooth transition to the adoption of IPSAS (GC.12/Dec. 16); in-house dissemination of information; participation in the system-wide centralised framework under the auspices of the Finance and Budget Network; and other activities performed by the UNIDO Working Group on IPSAS.

13. It is of key importance that the organisation participates in the various meetings and contributes to the development of consistent interpretation and application of IPSAS requirements across the system. In this regard, the Joint Inspection Unit (JIU) of the United Nations system has included in its work programme for 2008 a report entitled "Transition to IPSAS in the UN system organizations", with the objective of assessing the status of UN system organisations with regard to their preparedness for the implementation of IPSAS. I have been informed that JIU team members have informally expressed their satisfaction with the progress made in implementing IPSAS at UNIDO.

IV. NON-EXPENDABLE PROPERTY

14. The non-expendable property of UNIDO represents a significant investment of its resources and is disclosed in notes 3.19 and 5.18 to the financial statements. The financial regulations provide that the report of the external auditor should mention, inter alia, any defect in the general system governing supplies and equipment. It also requires that I report on the accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records.

15. In my report on the accounts of the organisation for the 2004-2005 financial period (PBC.22/3), I had indicated that further work needed to be done to ensure the completeness and accuracy of inventory records, as well as to ensure that non-expendable property was subject to a complete physical inventory count. In this regard, I was pleased to note that the UNIDO property management manual was formally issued and that physical inventories were performed in line with the provisions of the manual. In addition, Operational Support Services initiated a comprehensive physical inventory of non-expendable and special items in the second half of 2007 to verify assets that were moved after completion of the asbestos removal and in line with measures related to the preparation for the introduction of IPSAS.

16. However, as was previously reported, inventory records are still not systematically reconciled to the accounting system to ensure its completeness and accuracy. Reconciliation is considered necessary in the absence of an interface between the Agresso general ledger and asset modules. In order to mitigate the risk of material

misstatement of inventory records, I have given consideration to compensating measures introduced by management. Further work needs to be done in this regard going forward.

17. Management noted that the operational support services branch, in cooperation with the financial services branch and the information and communication management services, would continue its work on systematic reconciliation of the inventory records to the accounting system through further integration of the AGRASSO accounts and fixed asset modules. Such reconciliation was periodically done for the TC property.

V. RESULTS-BASED MANAGEMENT

A. Introduction

18. Following my interim report (PBC.23/8) on RBM and further to the priority afforded RBM by the General Conference, the organisation has demonstrated its dedication towards the comprehensive adoption of RBM principles and the full integration of RBM approaches and methods with the aim of measuring its unique development contribution. To this end, the Director-General has taken a number of steps to strengthen the application of RBM within UNIDO. In this regard, I wish to highlight recent developments and emphasise a few further improvements, which may be useful.

B. Institutionalisation of RBM

19. A review of official documentation indicated that UNIDO had established a sound basis for the implementation of RBM. However, I had previously raised concern about the lack of a coherent policy framework and time-bound implementation strategy that governs the institutionalisation of RBM. In this regard, I was pleased to note that the Director-General had since issued an RBM policy document, calling for the establishment of the RBM steering committee to guide the implementation of RBM; formulation of a conceptual framework and implementation strategy for RBM; managerial accountability; role of RBM focal points; RBM training; RBM reporting on technical cooperation projects; RBM reporting from field offices; RBM reporting on programme and budgets 2006-2007; and fixing time frames in the form of an implementation schedule.

20. The RBM steering committee has since finalised a draft RBM implementation plan with milestones for the biennium 2008-2009, which was based on the RBM self-assessment and endorsed by the UNIDO Executive Board. With this plan, the RBM steering committee plans to prepare a time-bound RBM implementation strategy with milestones and conceptual framework for further development of RBM in the organisation, to be prepared on the basis of the self-assessment.

21. I had previously observed that the successful introduction of RBM depended on the commitment by senior management. This principle is now formalised in the UNIDO policy document which assigns accountability to branch directors and unit chiefs in promoting the adoption and effective use of RBM principles and approaches. To ensure accountability, the degree of adoption and tailor-making of RBM principles in their fields of responsibility will be considered in future rounds of staff performance appraisals. Management indicated that it was foreseen that the modalities for implementing this principle in practice would be defined in the RBM implementation strategy.

22. As mentioned in my interim report, it is important that all staff members have a consistent understanding of RBM and its impact on their work, and that training becomes a key element of the successful implementation of RBM. In this regard, I was pleased to note that the Director-General continuously emphasises the importance of organisation-wide training on RBM, to be facilitated by the HRM and the Evaluation Group, in consultation with the RBM Steering Committee. To this end, the committee had analysed the organisation's training needs and

would recommend further RBM training measures in the context of the RBM implementation strategy, as appropriate. I would like to commend the various role players for developing and carrying out a comprehensive training programme during the latter stages of 2007.

23. I had previously highlighted the need for a time-bound RBM implementation strategy and recommended that time frames should be systematically linked to the work plans at all levels. The Director-General supported this principle and established, in his strategy memorandum on RBM, that such a strategy with milestones should be drafted by the RBM Steering Committee. In this regard, I confirmed that the committee had submitted its draft implementation plan with milestones for the biennium 2008-2009 for consultation with UNIDO branch directors.

C. Performance monitoring system

24. I had previously reported that UNIDO should consider the introduction of refined RBM monitoring mechanisms to further improve the quality of the RBM framework adopted in the 2008-2009 programme and budget (P&B). In this regard, I was pleased to note the set-up, improvement and adaptation of an electronic Results Reporting System (RRS) which was being tested on 40 pilot projects, as well as for field office reports. The RRS provides an Intranet-based mechanism for reporting on performance results, linking these results to the outcomes of the P&B and aggregating these results by P&B objectives.

25. The pilot phase produced promising but inadequate performance information, which could not be used for the first round of reporting, as was initially planned for information relating to the field offices. In respect of project information, I had identified non-compliance by project managers in recording project progress report information on RRS as a key weakness. Management informed me that this weakness had now been addressed in the RBM implementation plan.

26. The 2008 field office work plans have been further developed on the basis of the 2008-2009 P&B. The RRS functionality for field offices was also improved and ready to be used for field office reports in 2008. Management noted that the organisational restructuring of the UNIDO Secretariat led to the creation of a new “resource mobilization and quality assurance branch” that would take up the challenge of further improving “quality at entry” to “quality at delivery” and reinforcing compliance with the UNIDO TC guidelines. It was also decided by the Director-General that an inter-branch working group on a “quality assurance system for technical cooperation activities” would be set up as suggested in the RBM implementation plan.

D. RBM data collection system

27. I had previously reported that UNIDO did not have a data collection system in place to ensure the integrity of its performance information. Such a system would typically specify the sources of data and specific supporting documentation related to performance indicators, detail the most effective and efficient method to collect the supporting documentation and indicate the person responsible for collecting the specified documentation. Management noted that the establishment of such a system providing a comprehensive audit trail at all levels and for all activities within UNIDO would be very resource intensive and its implementation might be constrained in the short term due to a lack of resources.

28. Management added that the 2008-2009 biennium work programme of the Evaluation Group included, in line with the RBM implementation plan, an initiative to further improve UNIDO’s approach to impact evaluation. A methodology for impact evaluation that was tailored towards UNIDO themes and delivery modes was under development. It was expected that this initiative would contribute, in the medium term, to a more robust evidence base for RBM in UNIDO’s technical cooperation projects.

E. RBM at field offices

29. UNIDO introduced results-based work plans for field offices for 2007 with the aim of improving effectiveness and accountability of programme development and management, as well as the achievement of results. UNIDO Representatives and Heads of UNIDO Operations prepared progress reports based on these work plans and uploaded information on results achieved into the RRS.

30. I noted that outcomes as per the work plans were linked to outputs, performance indicators, planned activities, time frames and responsible focal points. However, baseline information has yet to be determined to be able to rank field offices' performance according to the categories of those achieving baseline results and those exceeding it or coming in below target.

F. Sustainable implementation of RBM

31. My review indicates, on the one hand, that while still a work-in-progress, RBM at UNIDO appears well entrenched and incorporates many good practices, and on the other hand, that there is room for improvement. I support management's assessment that the key RBM challenges ahead include aligning its strategy to programmes and projects, improving management systems and compliance, and enhancing staff knowledge and experience.

VI. CONCLUSION

32. I am gratified to note at the end of its third term and tenure in office that the Supreme Audit Institution of South Africa has been afforded the fullest of cooperation and support by UNIDO in facilitating the audit and actively addressing the matters raised for management consideration.

[Signed]

Terence Nombembe

External Auditor

Auditor-General of the Republic of South Africa

Pretoria, South Africa

31 May 2008

ANNEX I

FOLLOW-UP OF THE RECOMMENDATIONS MADE IN PRIOR EXTERNAL AUDIT REPORTS

Below is a tabular inventory reflecting key recommendations from my report on the accounts of the organisation for the 2004-2005 financial period. These recommendations are at various stages of implementation. The matters that are not listed here were addressed to my satisfaction.

<i>Recommendation</i>	<i>PBC.22/3 reference</i>	<i>Secretariat's comments</i>	<i>Auditor's comments</i>
Internal Oversight Services:			
No activity has been recorded for some time on the IOS hotline since it was introduced in 1999 as a means for staff to communicate complaints or information concerning the possible existence of fraudulent activity, waste, abuse or other irregularities.	16	The email hotline address has been activated since 1999. More recently, taking into account new technologies, a web-based wrongdoing reporting tool was developed and has been ready for use. However, Its launch has been postponed as the organisation is considering whether or not to have a single entry point for reporting staff grievances, ethical issues and wrongdoing.	I tested the web-based wrongdoing reporting tool to confirm that it was ready for use. The hotline and reporting tool now require institutionalisation towards achieving effective whistle-blowing.
In compliance with the Institute of Internal Auditors (IIA) standards, an independent external quality assessment of the IOS is required at least once every five years.	18	It should be noted that the IOS has a dual role, i.e. audit activities which can be planned and investigative activities which cannot. Compliance with IIA standards, including the external quality assessment once every five years to which the recommendation refers, pertains only to the audit side of IOS activities. The external quality assessment of the audit activities requires an important time investment by the unit in order to get maximum value out of the exercise. Preparatory work started and had to be put on hold due to investigative activities taking precedence over audit ones in view of their potential impact on the organisation. The situation is further exacerbated by the very tight IOS staffing situation. The IOS is committed to compliance with professional standards, including that of the IIA, and does its utmost within the resources at its disposal.	The external quality assessment now being overdue remains cause for concern.
Non-expendable property: The management of non-	30	The UNIDO property management manual was formally issued. In addition, field office staff received training regarding the proper	The effect of the manual in improving

<i>Recommendation</i>	<i>PBC.22/3 reference</i>	<i>Secretariat's comments</i>	<i>Auditor's comments</i>
expendable property at the field offices is in need of some improvement.		management of non-expendable property. All operational field offices submitted their verified 2007 inventories to PSM/OSS by December 2007, whereas in previous years it was received as late as the end of the first quarter of the following year.	property management at the field offices is yet to be assessed.
Procurement: Procurement plans were incomplete and the organisation could enhance their use as management and monitoring tools.	36	Procurement plans were finalised. However, difficulty was still experienced in collecting the necessary inputs from all users in order to use these plans effectively as a management and monitoring tool.	The benefits from effective management and monitoring of procurement are yet to be realised.
Environmental policy and management strategy: UNIDO has not developed and implemented a formal environmental policy and management strategy.	Annex 1	A UN system-wide policy does not exist. However, UNIDO recently participated in a UN system-wide exercise coordinated by the UN Environmental Management Group, following which the Director-General endorsed a statement on "Moving towards a Climate Neutral UN". This statement effectively commits the organisation to reduce greenhouse gas emissions and explore budgetary modalities of purchasing carbon offsets to eventually reach climate neutrality by the end of 2009. Subsequently, the UNIDO climate team has been created, whose first task was to submit proposals to the Executive Board on how to make good on this commitment. Based on the proposals submitted by the team, the board took a number of decisions in March 2008 on measuring, reducing and offsetting its climate footprint, as well as on public advocacy and staff awareness.	The matter remains under review until such time as the organisation formally develops and implements a comprehensive environmental policy and management strategy.
End-of-service and after-service health insurance liabilities: Budgetary provision has not been made to cover the estimated costs of contingent liabilities for end-of-service payments to staff. Similarly, liabilities in respect of after-service health insurance have not been fully funded.	Annex 1	A UN system-wide solution was being sought to address the issue of unfunded liabilities. UNIDO was participating in the present common actuarial study by the UN and also requested the Joint Inspection Unit to find a system-wide solution to this issue.	The matter remains under review. No progress has been made.

ANNEX II

OPINION OF THE EXTERNAL AUDITOR

To the President of the Industrial Development Board

I have audited the accompanying financial statements, comprising Statements I to IV, Schedules 1 to 4 and the supporting Notes of the United Nations Industrial Development Organization for the financial period ended 31 December 2007. These financial statements are the responsibility of the Director-General. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Director-General, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the United Nations Industrial Development Organization as at 31 December 2007 and the results of its operations and cash flows for the period then ended in accordance with the United Nations System Accounting Standards.

Further, in my opinion, the transactions of the United Nations Industrial Development Organization, which I have tested as part of my audit, have in all significant respects been in accordance with the Financial Regulations and Legislative Authority.

In accordance with Article XI of the Financial Regulations, I have also issued a long-form report on my audit of the United Nations Industrial Development Programme.

[Signed]

Terence Nombembe

External Auditor

Auditor-General of the Republic of South Africa

Pretoria, Republic of South Africa

31 May 2008

ANNEX III

FINANCIAL STATEMENTS FOR THE BIENNIUM 2006-2007 ENDED 31 DECEMBER 2007

REPORT BY THE DIRECTOR-GENERAL

The financial report for the biennium 2006-2007 is prepared and submitted in accordance with Article X of the financial regulations. The present report is based on the programme and budgets 2006-2007, as adopted by the General Conference at its eleventh session (decision GC.11/Dec.18), consisting of gross expenditures of €154,009,900, to be financed from assessed contributions in the amount of €150,785,600 and other income of €3,224,300.

The financial implementation of the approved programme and budgets is dependent on the actual level of cash resources available during the biennium, including the timing of payment of assessed contributions. Actual assessed contributions received and the amounts assessed in accordance with General Conference decisions with comparative figures for the previous biennium are shown below in millions of euros.

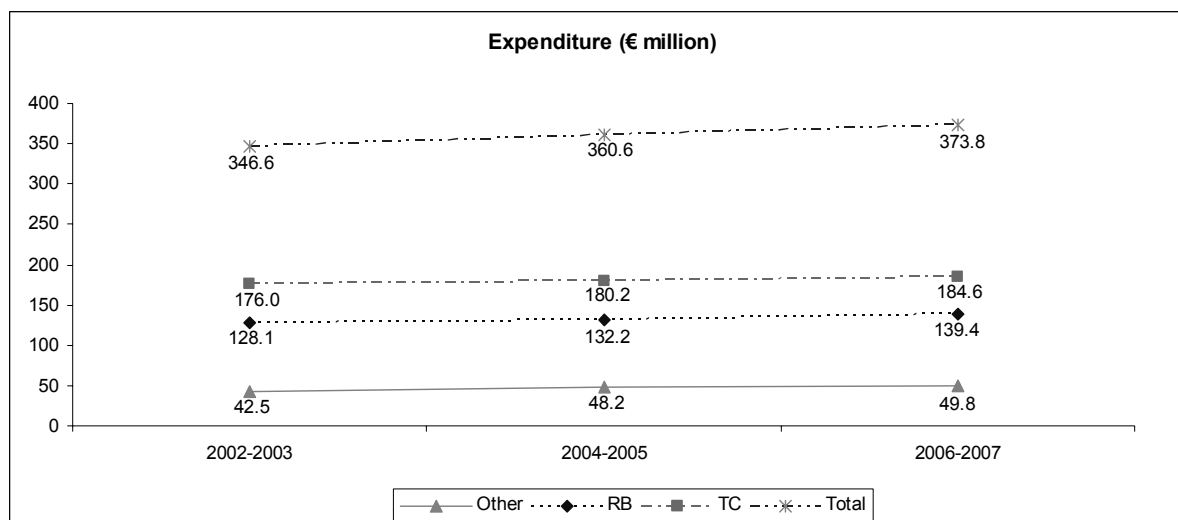
	2006-2007		2004-2005	
Assessed contributions receivable	150.8	100.0%	142.0	100.0%
Assessed contributions received	141.1	93.6%	130.1	91.6%
Shortfall in collections	9.7	6.4%	11.9	8.4%

I am pleased to report that the rate of collection of assessed contributions for the biennium 2006-2007 of 93.6 per cent, is the highest collection rate recorded since 1986, surpassing the 93.0 per cent collection rate of 2002-2003. The accumulated outstanding assessed contribution at period end was €48.4 million, excluding an amount of €71.2 million due from former Member States, leading to a slight decrease from the previous biennium amount of €48.7 million. During the biennium three Member States signed payment plans with the Organization, of which two are operational. As a result of the above, the number of Member States without voting rights is reduced to 36 in December 2007 from 42 in December 2005. This is the lowest number recorded in UNIDO since 1992. I would strongly encourage those Member States having difficulties in meeting their obligations to contact the Secretariat to enter into payment plan negotiations.

The Organization continues to show healthy financial results, as evident by the increase in the overall cash balance at 31 December 2007 to €286.5 million from €265.0 million at previous biennium end. This augurs well for the Organization's financial stability.

As shown in Graph 1 below, regular budget expenditures during the biennium 2006-2007 amounted to €139.4 million or 90.5 per cent utilization of the €154.0 million gross approved expenditure budget. Actual collection of budgeted income amounted to €0.9 million government contribution to the cost of the field office network and €1.6 million under miscellaneous income against a budgeted amount of €1.7 million and €1.5 million, respectively. After taking into account the miscellaneous income not estimated in decision GC.11/Dec.18, the total net expenditures of €138.1 million represent 91.6 per cent of the net regular budget appropriations of €150.8 million. The resulting balance of net appropriations at 31 December 2007 amounted to €12.7 million (Refer to Statement IV).

Graph 1



In the operational budget, reimbursement for programme support costs amounted to €17.5 million during the reporting period. Expenditures were recorded in the amount of €16.5 million, resulting in an excess of income over expenditure in the amount of €1.0 million. The closing balance of the special account for programme support costs, i.e. the level of the operating reserve, including savings on cancellation of prior biennium obligations, was €6.5 million as compared to the opening balance of €5.1 million.

Expenditures under both the regular and the operational budgets were lower than the cash resources available, largely due to the high vacancy level that prevailed during the biennium. While the Organization has initiated a structured recruitment plan already in June 2006, with systematic implementation during 2007, the financial impact will show only gradually. Total operating costs were also lower than anticipated, mostly on account of lower personnel costs in the Buildings Management Service and lesser translation costs.

The technical cooperation delivery recorded another impressive performance during the biennium with an amount of US\$231.0 million expenditure. This represents an increase of US\$19.3 million or 9.1 per cent over the previous biennium 2004-2005.

As prescribed in the Constitution, UNIDO has three policymaking organs, namely the General Conference, the Industrial Development Board and the Programme and Budget Committee. The Member States of UNIDO meet once every two years at the General Conference, the supreme policymaking organ of the Organization. The Conference determines the guiding principles and policies, approves the budget and work programme of UNIDO. As the chief administrative officer of the Organization, I have the overall responsibility and authority to direct the work of the Organization. The gradual introduction of results-based management (RBM) as a management tool has enabled the Organization to ensure that all its activities contribute towards the achievement of its strategic objectives and that results of activities are systematically assessed against objectives by performance indicators. The RBM principles were applied comprehensively while preparing the 2006-2007 programme and budgets approved by the Member States in decision GC.11/Dec.18. The establishment of a cross-organizational steering committee for RBM in the biennium has enabled the production of a comprehensive baseline self-assessment and implementation plan for mainstreaming of RBM in UNIDO.

As a consequence of the new field mobility policy promulgated in April 2006, the vacancy rate of international professional posts in the field has been significantly reduced. Furthermore, under this policy field recruitment has

become a rigorous competitive process; field-level expertise to implement technical cooperation projects has been enhanced; and mobility and rotation between Headquarters and field assignments of staff has increased.

As part of the United Nations system-wide management reform, the Chief Executives Board for Coordination (CEB), at its session in April 2006, endorsed the recommendation of the High-level Committee on Management for adoption of the International Public Sector Accounting Standards (IPSAS) throughout the United Nations system by 2010. IPSAS represent international best practice for public sector and not-for-profit organizations accounting. Further the adoption of IPSAS is seen as an essential component of good governance, accountability and transparency. The General Conference at its twelfth session approved the adoption of IPSAS by UNIDO (decision GC.12/Dec.14).

During the biennium, revised financial regulations and rules of the Organization were issued (PBC.22/CRP.2 and UNIDO/DG/B.74/Rev.2), reflecting the various previous amendments to the financial regulations and improvements to the Organization's financial operations, since the last revision made in 1990. During the process of revision, consideration was given to reflecting best prevailing practices from both within and outside the United Nations system relating to financial management/operations, procurement, internal control and oversight, aimed at further improving the corporate governance of the Organization, while clarifying and enhancing the authority, responsibility and accountability of all involved in the operations of the Organization.

Responding to the Secretary-General's call to make the United Nations as a whole climate neutral, the Director-General in his address to the Industrial Development Board on 25 June 2007 announced his intention to reduce UNIDO's climate footprint. Together with the other organizations of the United Nations system, UNIDO has endorsed at the CEB meeting in October 2007 a statement entitled "Moving towards a climate neutral United Nations" committing itself to a number of actions including the estimation of the greenhouse emissions and their reduction to the extent possible.

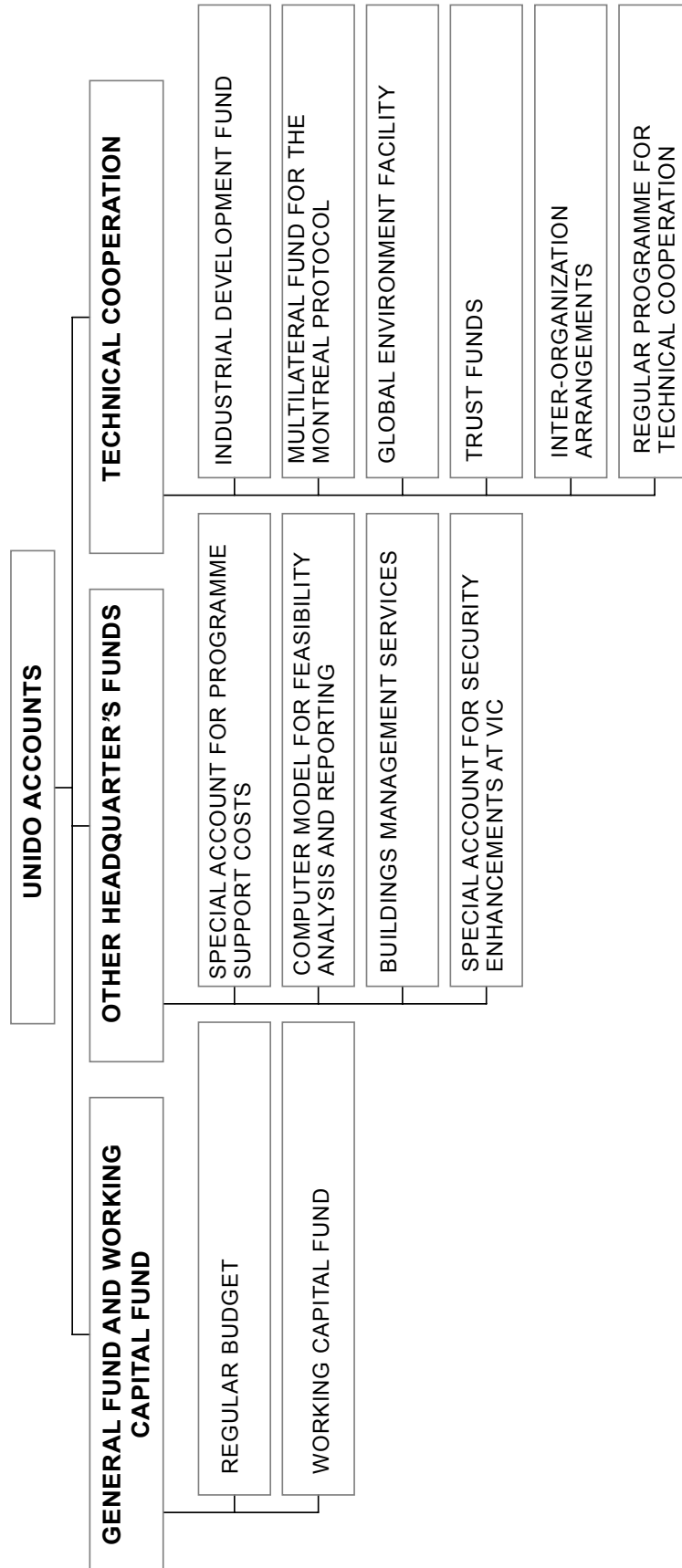
Ethics and accountability are vital to UNIDO credibility as an impartial United Nations organization with highest standards of integrity; they are yet another key dimension of the coherence of the entire United Nations system. Ethics and accountability are not optional – they are the overarching principles governing the way we act, wherever we operate. They demand that we perform our duties in a transparent and fair manner, observing the Organization's rules and regulations. UNIDO is committed to the highest standards of integrity and conduct of its staff, which are regulated by the provisions of the Standards of Conduct for the International Civil Service promulgated by the International Civil Service Commission. The Organization is currently reviewing developments in the United Nations Common System on financial disclosure and declaration of interest statements, with a view to adopting a similar policy for the Organization.

I wish to take this opportunity to express my appreciation to Member States and to donors for their financial support, and to all UNIDO staff for their contribution to the work of the Organization.

[Signed]

Kandeh K. Yumkella
Director-General

**CONSOLIDATED ACCOUNTS
FOR THE BIENNIUM
2006-2007**



FINANCIAL STATEMENTS FOR THE BIENNIUM 2006-2007 ENDED 31 DECEMBER 2007

Certification of financial statements

Director General's responsibility

The Director-General of the United Nations Industrial Development Organization is responsible for the preparation and integrity of the financial statements and the External Auditor's responsibility is to express an opinion on the statements.

The financial statements have been prepared in accordance with the United Nations System Accounting Standards and the Article X of the Financial Regulations of UNIDO and have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and management's best estimates.

The Organization maintains systems of internal accounting controls, policies and procedures to manage risks and ensure the reliability of financial information, the safeguarding of assets and to identify possible irregularities.

The internal control systems and financial records are subject to reviews by the Office of Internal Oversight Services and the External Auditor during their respective audits and the Management objectively reviews the recommendations made by them for further improving the internal control framework of the Organization.

All material transactions have been properly charged in the accounting records and are properly reflected in the appended financial statements I to IV. The statements disclose with reasonable accuracy the financial position of the Organization and of funds held in trust by it, the results of their operations and the changes in their financial position.

[Signed]

Amita Misra
Director, Financial Services Branch

[Signed]

Kandeh K. Yumkella
Director-General

Date: 7 April 2008

Statement I

STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
for the biennium 2006-2007
(in thousands of euros)

Heading	General Fund and Working Capital Fund <i>Note</i>		Other Headquarters funds <i>Note</i>		Technical cooperation <i>Note</i>		Eliminations <i>Note 3.16</i>	Total 2006-2007	Total 2004-2005
INCOME									
Assessed contributions	150,785.6	3.1						150,785.6	142,000.0
Supplementary assessments	945.0	3.2			173,162.4			0.0	2,585.2
Voluntary contributions								174,107.4	233,169.2
OTHER INCOME									
Revenue-producing activities	90.6	3.3	18,717.9					18,808.5	18,394.8
Funds under inter-organizational arrangements			39,749.2		13,076.4			13,076.4	11,289.9
Jointly-financed activities			1,120.2					825.8	997.8
Income for services rendered	1,464.6	3.4	2,010.1		5,320.9			8,795.6	4,134.8
Interest income	(1,668.0)	3.5	(1,412.0)	4.5	274.7	5.3		(2,724.5)	(4,040.0)
Currency exchange adjustments	520.5	3.6	90.8		44.1			651.3	878.3
Miscellaneous income									
TOTAL INCOME	152,138.3		60,276.2	4.4	191,878.5		(5,787.9)	398,505.1	447,378.5
EXPENDITURE									
Salaries and common staff costs	97,683.4		28,491.2		57,593.0		8,150.4	191,918.0	181,781.6
Operating costs and contractual services	27,327.8		27,036.8		55,679.8		(3,984.7)	106,059.7	112,847.9
Acquisitions					41,112.7		573.0	41,685.7	36,867.9
Fellowships					12,270.5		1,684.7	13,955.2	11,047.8
RPTC and SRA activities	14,428.0						(12,211.3)	2,216.7	429.3
Programme support costs			22.1		17,998.0			18,020.1	17,688.1
TOTAL EXPENDITURE	139,439.2		55,550.1	4.4	184,654.0		(5,787.9)	373,855.4	360,662.6

Statement II

STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCES
as at 31 December 2007
(in thousands of euros)

Heading	General Fund and Working Capital Fund		Other Headquarters funds		Technical cooperation		Total 2006-2007	Total 2004-2005
		Note		Note		Note		
ASSETS								
Cash and term deposits	49,963.4		25,181.4		211,367.0	5.14	286,511.8	264,977.2
<u>Accounts receivable</u>								
Assessed contributions receivable from Member States	119,743.2	Sch. 1					119,743.2	119,935.1
Provision for delays in the collection of contributions	(109,976.2)	Sch. 1					(109,976.2)	(108,066.1)
Net assessed contributions receivable	9,767.0						9,767.0	11,869.0
Voluntary contributions receivable	6.2	Sch. 2			5,913.5		5,919.7	352.1
Other contributions receivable			1,163.5		1,617.1		2,780.6	4,951.0
Interfund balances	4,020.4	3.9	11,604.0	4.6	1,792.7	5.8	17,417.1	17,648.7
Other assets	558.1	3.10			3,976.0	5.9	4,534.1	7,826.6
TOTAL ASSETS	64,315.1		37,948.9		224,666.3		326,930.3	323,493.5
LIABILITIES								
Payments or contributions received in advance	2,730.6	3.11	430.5		3,043.3	5.10	6,204.4	9,345.5
Unliquidated obligations	11,774.0		6,883.1		33,212.2		51,869.3	55,412.7
Accounts payable - interfund	2,780.6						2,780.6	4,951.0
Accounts payable - other	12,966.5	3.12	1,787.9		29,484.7	5.11	44,239.1	29,495.8
TOTAL LIABILITIES	30,251.7		9,101.5		65,740.2		105,093.4	99,205.0
RESERVES AND FUND BALANCES								
Operating reserves			3,030.0	4.7	377.3	5.12	3,407.3	5,293.6
Other reserves	19,788.2	3.13			2,114.5	5.4	21,902.7	18,592.5
Balances relating to projects funded by donors					213,563.9		213,563.9	208,114.2
Balances on currency translation					(62,449.4)	5.5	(62,449.4)	(40,358.5)
Working Capital Fund	7,423.1	3.14					7,423.1	7,423.0

Heading	General Fund and Working Capital Fund		Other Headquarters funds		Technical cooperation		Total 2006-2007	Total 2004-2005
	Note		Note		Note			
Surplus (deficit)	6,852.1	3.15	25,817.4		5,319.8	5.13	37,989.3	25,223.7
TOTAL RESERVES AND FUND BALANCES	34,063.4		28,847.4		158,926.1		221,836.9	224,288.5
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	64,315.1		37,948.9		224,666.3		326,930.3	323,493.5

Statement III

CONSOLIDATED
Statement of cash flow for the biennium 2006-2007 as at 31 December 2007
(in thousands of euros)

	Total 2006-2007	Total 2004-2005
Cash flows from operating activities		
Excess (shortfall) of income over expenditure (Statement I)	24,649.7	86,715.9
(Increase) decrease in contributions receivable	191.9	(5,957.3)
(Increase) decrease in voluntary contributions receivable	15,868.9	362.8
(Increase) decrease in other contributions receivable	(5,567.6)	568.8
(Increase) decrease other accounts receivable	231.6	(6,654.5)
(Increase) decrease other assets	3,292.5	160.7
Increase (decrease) in contributions or payments received in advance	(3,141.1)	(5,890.2)
Increase (decrease) in unliquidated obligations	(3,543.4)	9,899.1
Increase (decrease) in accounts payable	14,743.3	(2,298.9)
Less: Interest income	8,795.6	
Currency exchange adjustments	<u>(2,724.5)</u>	<u>94.8</u>
Net cash from operating activities	40,654.7	76,811.6
Cash flows from investing and financing activities		
Increase (decrease) in borrowings	0.0	(1,602.0)
Plus: Interest income	8,795.6	
Currency exchange adjustments	<u>(2,724.5)</u>	<u>94.8</u>
Net cash from investing and financing activities	6,071.1	(1,507.2)
Cash flows from other sources		
Savings on or cancellation of prior period's obligations	3,524.4	4,631.0
Transfers to (from) reserves and other adjustments	(19,248.4)	15,245.7
Credits to Member States and prior bienniums adjustments	<u>(9,467.2)</u>	<u>(4,422.9)</u>
Net cash from other sources	(25,191.2)	15,453.8
Net increase (decrease) in cash	21,534.6	90,758.2
Cash at beginning of period	<u>264,977.2</u>	<u>174,219.0</u>
Cash at end of period (Statement II)	<u>286,511.8</u>	<u>264,977.2</u>

Statement IV

GENERAL FUND
Status of appropriations by major programme for the biennium 2006-2007 as at 31 December 2007
(in thousands of euros)

<u>Major Programme</u>	<u>Appropriations</u>	<u>Disbursements during 2006-2007</u>	<u>Unliquidated obligations as at 31/12/07</u>	<u>Total expenditure</u>	<u>Balance of appropriations</u>
Governing Bodies	4,554.1	3,636.2	646.9	4,283.1	271.0
General Management	12,666.8	10,810.8	755.6	11,566.4	1,100.4
Energy and Environment	19,835.9	17,500.8	1,074.7	18,575.5	1,260.4
Trade Capacity-building	20,980.8	19,875.1	859.1	20,734.2	246.6
Poverty Reduction through Productive Activities	18,635.0	14,452.1	551.9	15,004.0	3,631.0
Cross-Cutting Programmes	30,904.1	24,525.1	2,285.6	26,810.7	4,093.4
Administration	26,568.3	23,374.5	1,883.2	25,257.7	1,310.6
Indirect Costs	19,864.9	15,746.2	1,461.4	17,207.6	2,657.3
TOTAL A	154,009.9	129,920.8	9,518.4	139,439.2	14,570.7

<u>Income</u>	<u>Approved Estimates</u>	<u>Actual Income</u>	<u>Accrued Income</u>	<u>Total Income</u>	<u>Shortfall</u>
Regional Programme	1,685.9	945.0		945.0	740.9
Miscellaneous Income					
1. Estimated in decision GC.11/Dec.18	1,538.4	1,555.2	0.0	1,555.2	(16.8)
2. Not estimated in decision GC.11/Dec.18		(1,147.5)		(1,147.5)	1,147.5

TOTAL B **3,224.3** **1,352.7** **0.0** **1,352.7** **1,871.6**

TOTAL A - B **150,785.6** **128,568.1** **9,518.4** **138,086.5** **12,699.1**

Schedule 1

STATUS OF ASSESSED CONTRIBUTIONS TO THE REGULAR BUDGET (in euros)
for the biennium 2006-2007 as at 31 December 2007

Member States	Scale %	Contributions payable		Credits and collections in 2006-2007						Contributions outstanding		Total outstanding
		Prior biennium	Current biennium	Prior biennium		Current biennium		Prior biennium	Current biennium			
				2006	2007	2006	2007			Total		
Afghanistan	0.003	53,941	4,524	20,243	20,242	40,485	-	-	-	13,456	4,524	17,980
Albania	0.007	-	10,554	-	-	-	-	10,554	10,554	-	-	-
Algeria	0.111	69,306	167,372	69,306	83,686	69,306	83,686	167,372	167,372	-	-	-
Angola	0.001	-	1,508	-	754	-	754	1,508	1,508	-	-	-
Argentina	1.391	6,573,633	2,097,428	3,932	6,550	10,482	-	-	-	6,563,151	2,097,428	8,660,579
Armenia	0.003	912,691	4,524	2,004	2,016	4,020	-	-	-	908,671	4,524	913,195
Austria	1.250	-	1,884,820	-	-	-	942,410	1,884,820	1,884,820	-	-	-
Azerbaijan	0.007	888,472	10,554	132,136	132,268	264,404	-	-	-	624,068	10,554	634,622
Bahamas	0.019	-	28,650	-	-	-	12,177	5,545	17,722	-	10,928	10,928
Bahrain	0.044	35,475	66,346	-	-	-	-	-	-	35,475	66,346	101,821
Bangladesh	0.010	13,461	15,078	7,633	5,828	13,461	-	15,078	15,078	-	-	-
Barbados	0.015	-	22,618	-	-	-	11,309	596	11,905	-	10,713	10,713
Belarus	0.026	-	39,204	-	-	-	19,602	19,602	39,204	-	-	-
Belgium	1.556	-	2,346,224	-	-	-	1,173,112	1,173,112	2,346,224	-	-	-
Belize	0.001	668	1,508	668	129	668	129	132	261	-	1,247	1,247
Benin	0.003	4,005	4,524	4,005	386	4,005	386	2,403	2,789	-	1,735	1,735
Bhutan	0.001	-	1,508	-	754	-	754	1,508	1,508	-	-	-
Bolivia	0.013	29,574	19,602	13,415	8,493	21,908	-	-	-	7,666	19,602	27,268
Bosnia and Herzegovina	0.004	-	6,032	-	-	-	3,016	3,016	6,032	-	-	-
Botswana	0.017	-	25,634	-	-	-	12,817	12,817	25,634	-	-	-
Brazil	2.216	21,379,555	3,341,408	10,043	1,752	11,795	-	-	-	21,367,760	3,341,408	24,709,168
Bulgaria	0.025	-	37,696	-	679	-	679	37,017	37,696	-	-	-
Burkina Faso	0.003	-	4,524	-	2,262	-	2,262	2,262	4,524	-	-	-
Burundi	0.001	67,781	1,508	6,518	37	6,555	-	-	-	61,226	1,508	62,734
Cambodia	0.003	5,978	4,524	5,978	2,262	5,978	2,262	2,262	4,524	-	-	-
Cameroon	0.012	14,719	18,094	14,719	9,047	14,719	9,047	9,047	18,094	-	-	-
Cape Verde	0.001	97,528	1,508	-	-	-	-	-	-	97,528	1,508	99,036
Central African Republic	0.001	112,891	1,508	-	-	-	-	-	-	112,891	1,508	114,399

Member States	Scale %	Contributions payable		Credits and collections in 2006-2007						Contributions outstanding		Total outstanding
		Prior biennium	Current biennium	Prior biennium		Current biennium		Prior biennium	Current biennium			
				2006	2007	2006	2007			Total		
Chad	0.001	86,196	1,508	-	-	-	-	-	-	86,196	1,508	87,704
Chile	0.324	396,314	490,054	365,933	30,381	396,314	42,268	42,268	42,268	-	447,786	447,786
China	2.987	130,450	4,503,964	130,450	2,251,982	130,450	2,251,982	2,251,982	4,503,964	-	-	-
Colombia	0.226	87,485	340,776	87,485	170,388	87,485	170,388	340,776	-	-	-	-
Comoros	0.001	123,102	1,508	-	-	-	-	-	-	123,102	1,508	124,610
Congo	0.001	2,193	1,508	2,193	754	2,193	754	1,508	-	-	-	-
Costa Rica	0.044	129,440	66,346	6,595	7,573	14,168	-	-	66,346	115,272	66,346	181,618
Côte d'Ivoire	0.015	5,311	22,618	5,311	5,311	5,311	22,618	22,618	-	-	-	-
Croatia	0.054	-	81,424	-	40,712	40,712	81,424	-	-	-	-	-
Cuba	0.063	60,224	94,994	40,764	996	41,760	-	-	-	18,464	94,994	113,458
Cyprus	0.057	-	85,948	-	42,974	42,974	85,948	-	-	-	-	-
Czech Republic	0.266	-	401,090	-	200,545	200,545	401,090	-	-	-	-	-
Democratic People's Republic of Korea	0.015	-	22,618	-	561	22,057	22,618	-	-	-	-	-
Democratic Republic of the Congo	0.004	129,908	6,032	125	-	125	-	-	-	129,783	6,032	135,815
Denmark	1.045	-	1,575,710	-	787,855	787,855	1,575,710	-	-	-	-	-
Djibouti	0.001	86,196	1,508	-	-	-	-	-	-	86,196	1,508	87,704
Dominica	0.001	1,850	1,508	135	129	264	-	-	-	1,586	1,508	3,094
Dominican Republic	0.051	396,969	76,900	-	-	-	-	-	-	396,969	76,900	473,869
Ecuador	0.028	6,640	42,220	6,640	6,640	6,640	11,183	16,620	27,803	-	14,417	14,417
Egypt	0.175	-	263,874	-	-	-	263,874	263,874	-	-	-	-
El Salvador	0.032	194,796	48,252	-	-	-	-	-	-	194,796	48,252	243,048
Equatorial Guinea	0.003	68,035	4,524	67,860	-	67,860	-	-	-	175	4,524	4,699
Eritrea	0.001	1,939	1,508	1,939	754	1,939	754	1,508	-	-	-	-
Ethiopia	0.006	-	9,048	-	96	8,952	9,048	-	-	-	-	-
Fiji	0.006	7,459	9,048	7,459	317	7,459	155	472	-	-	8,576	8,576
Finland	0.776	-	1,170,096	-	585,048	585,048	1,170,096	-	-	-	-	-
France	8.775	-	13,231,436	-	6,615,718	6,615,718	13,231,436	-	-	-	-	-
Gabon	0.013	36,113	19,602	1,573	15,407	16,980	-	-	-	19,133	19,602	38,735
Gambia	0.001	75,497	1,508	-	-	-	-	-	-	75,497	1,508	77,005
Georgia	0.004	1,609,041	6,032	16,114	-	16,114	-	-	-	1,592,927	6,032	1,598,959
Germany	12.605	-	19,006,524	-	9,503,262	9,503,262	19,006,524	-	-	-	-	-
Ghana	0.006	-	9,048	-	4,524	163	4,687	-	-	-	4,361	4,361

Member States	Scale %	Contributions payable		Credits and collections in 2006-2007						Contributions outstanding		
		Prior biennium	Current biennium	Prior biennium		Current biennium		Total	Prior biennium	Current biennium	Total outstanding	
				2006	2007	2006	2007					
Greece	0.771	-	1,162,556	-	-	581,278	581,278	1,162,556	-	-	-	
Grenada	0.001	67,883	1,508	2,200	2,200	-	-	-	65,683	1,508	67,191	
Guatemala	0.044	-	66,346	-	-	33,173	32,799	65,972	-	374	374	
Guinea	0.004	4,938	6,032	219	4,719	-	6,032	6,032	-	-	-	
Guinea-Bissau	0.001	118,201	1,508	-	-	-	-	-	118,201	1,508	119,709	
Guyana	0.001	-	1,508	-	-	754	754	1,508	-	-	-	
Haiti	0.004	-	6,032	-	-	39	5,993	6,032	-	-	-	
Honduras	0.007	-	10,554	-	-	3,572	6,982	10,554	-	-	-	
Hungary	0.183	-	275,938	-	-	137,969	137,969	275,938	-	-	-	
India	0.613	-	924,316	-	-	462,158	461,958	924,116	-	200	200	
Indonesia	0.207	-	312,126	-	-	156,063	156,063	312,126	-	-	-	
Iran (Islamic Republic of)	0.228	540,697	343,792	266,816	273,881	-	151,143	151,143	-	192,649	192,649	
Iraq	0.023	1,972,410	34,680	137,994	1,834,416	-	34,680	34,680	-	-	-	
Ireland	0.509	-	767,498	-	-	383,749	383,749	767,498	-	-	-	
Israel	0.680	-	1,025,342	-	-	512,671	512,671	1,025,342	-	-	-	
Italy	7.109	-	10,717,840	-	-	5,358,920	5,358,920	10,717,840	-	-	-	
Jamaica	0.012	-	18,094	-	-	5,034	158	5,192	-	12,902	12,902	
Japan	22.000	-	33,172,832	-	-	16,586,416	16,586,416	33,172,832	-	-	-	
Jordan	0.016	-	24,126	-	-	12,063	12,063	24,126	-	-	-	
Kazakhstan	0.036	302,878	54,282	302,878	-	27,141	27,141	54,282	-	-	-	
Kenya	0.013	-	19,602	-	-	9,444	9,895	19,339	-	263	263	
Kuwait	0.236	-	355,854	-	-	177,927	3,803	181,730	-	174,124	174,124	
Kyrgyzstan	0.001	377,142	1,508	-	-	-	-	-	377,142	1,508	378,650	
Lao People's Democratic Republic	0.001	-	1,508	-	-	754	754	1,508	-	-	-	
Lebanon	0.035	11,042	52,774	11,042	11,042	-	24,824	24,824	-	27,950	27,950	
Lesotho	0.001	-	1,508	-	-	131	757	888	-	620	620	
Liberia	0.001	88,778	1,508	-	-	-	-	-	88,778	1,508	90,286	
Libyan Arab Jamahiriya	0.192	-	289,508	-	-	-	144,754	144,754	-	144,754	144,754	
Lithuania	0.035	167,660	52,774	111,597	56,063	-	52,774	52,774	-	-	-	
Luxembourg	0.112	-	168,880	-	-	84,440	84,440	168,880	-	-	-	
Madagascar	0.004	70	6,032	70	-	3,016	3,016	6,032	-	-	-	

Member States	Scale %	Contributions payable		Credits and collections in 2006-2007						Contributions outstanding		
		Prior biennium	Current biennium	Prior biennium		Current biennium		Total	Prior biennium	Current biennium	Total outstanding	
				2006	2007	2006	2007					
Malawi	0.001	-	1,508	-	-	754	754	1,508	-	-	-	
Malaysia	0.295	-	444,818	-	-	222,409	222,409	444,818	-	-	-	
Maldives	0.001	913	1,508	155	758	-	-	1,508	-	-	-	
Mali	0.003	-	4,524	-	-	113	141	254	-	4,270	4,270	
Malta	0.020	-	30,158	-	-	15,079	15,079	30,158	-	-	-	
Mauritania	0.001	115,395	1,508	37,195	-	-	-	-	78,200	1,508	79,708	
Mauritius	0.016	-	24,126	-	-	12,063	12,063	24,126	-	-	-	
Mexico	2.740	-	4,131,524	-	-	2,065,762	18,707	2,084,469	-	2,047,055	2,047,055	
Moldova	0.001	876,787	1,508	137	88,502	-	-	-	788,148	1,508	789,656	
Monaco	0.004	-	6,032	-	-	3,016	3,016	6,032	-	-	-	
Mongolia	0.001	1,205	1,508	1,205	-	754	291	1,045	-	463	463	
Morocco	0.068	-	102,534	-	-	51,267	51,267	102,534	-	-	-	
Mozambique	0.001	1,285	1,508	1,285	-	754	287	1,041	-	467	467	
Myanmar	0.010	7,038	15,078	91	175	-	-	-	6,772	15,078	21,850	
Namibia	0.009	-	13,570	-	-	-	13,570	13,570	-	-	-	
Nepal	0.006	7,715	9,048	240	155	-	-	-	7,320	9,048	16,368	
Netherlands	2.459	-	3,707,818	-	-	1,853,909	1,853,909	3,707,818	-	-	-	
New Zealand	0.322	-	485,530	-	-	242,765	242,765	485,530	-	-	-	
Nicaragua	0.001	136,056	1,508	-	-	-	-	-	136,056	1,508	137,564	
Niger	0.001	97,563	1,508	-	-	-	-	-	97,563	1,508	99,071	
Nigeria	0.061	140,546	91,980	140,546	-	1,180	2,129	3,309	-	88,671	88,671	
Norway	0.988	-	1,489,762	-	-	744,881	744,881	1,489,762	-	-	-	
Oman	0.102	-	153,802	-	-	76,901	76,901	153,802	-	-	-	
Pakistan	0.080	1,002	120,628	1,002	-	60,314	1,992	62,306	-	58,322	58,322	
Panama	0.028	9,524	42,220	9,524	-	7,038	247	7,285	-	34,935	34,935	
Papua New Guinea	0.004	16,800	6,032	663	139	-	-	-	15,998	6,032	22,030	
Paraguay	0.017	71,671	25,634	40,304	31,367	-	993	993	-	24,641	24,641	
Peru	0.134	533,680	202,052	287,297	246,383	-	-	-	-	108,867	108,867	
Philippines	0.138	60,662	208,084	60,662	-	21,150	143,875	165,025	-	43,059	43,059	
Poland	0.671	-	1,011,772	-	-	505,886	505,886	1,011,772	-	-	-	
Portugal	0.684	-	1,031,374	-	-	515,687	515,687	1,031,374	-	-	-	
Qatar	0.093	-	140,230	-	-	-	140,230	140,230	-	-	-	
Republic of Korea	2.613	1,868,272	3,940,028	1,868,272	-	1,664,134	2,275,894	3,940,028	-	-	-	

Member States	Scale %	Contributions payable		Credits and collections in 2006-2007						Contributions outstanding		
		Prior biennium	Current biennium	Prior biennium		Current biennium		Prior biennium	Current biennium	Total		
				2006	2007	2006	2007					
Romania	0.087	-	131,184	-	-	1,604	129,580	131,184	-	-	-	
Russian Federation	1.601	-	2,414,078	-	-	1,207,039	1,207,039	2,414,078	-	-	-	
Rwanda	0.001	1,940	1,508	1,940	1,940	754	754	1,508	-	-	-	
Saint Kitts and Nevis	0.001	1,269	1,508	1,269	1,269	754	287	1,041	-	467	467	
Saint Lucia	0.003	1,870	4,524	1,870	1,870	2,262	2,262	4,524	-	-	-	
Saint Vincent and the Grenadines	0.001	112,361	1,508	-	-	-	-	-	112,361	1,508	113,869	
Sao Tome and Principe	0.001	123,102	1,508	-	-	-	-	-	123,102	1,508	124,610	
Saudi Arabia	1.038	-	1,565,154	-	-	782,577	782,477	1,565,054	-	100	100	
Senegal	0.007	-	10,554	-	-	5,277	447	5,724	-	4,830	4,830	
Serbia	0.028	20,203	42,220	20,203	20,203	570	41,650	42,220	-	-	-	
Seychelles	0.003	49,828	4,524	2	2	-	-	-	49,826	4,524	54,350	
Sierra Leone	0.001	-	1,508	-	-	754	132	886	-	622	622	
Slovakia	0.074	-	111,582	-	-	55,791	55,791	111,582	-	-	-	
Slovenia	0.119	114,666	179,434	114,666	114,666	89,717	89,717	179,434	-	-	-	
Somalia	0.001	136,069	1,508	-	-	-	-	-	136,069	1,508	137,577	
South Africa	0.425	-	640,838	-	-	320,419	320,419	640,838	-	-	-	
Spain	3.667	-	5,529,306	-	-	2,764,653	2,764,653	5,529,306	-	-	-	
Sri Lanka	0.025	-	37,696	-	-	18,848	18,848	37,696	-	-	-	
Sudan	0.010	5,996	15,078	167	167	-	-	-	5,829	15,078	20,907	
Suriname	0.001	45,522	1,508	140	151	-	-	-	45,371	1,508	46,879	
Swaziland	0.003	3,496	4,524	3,496	3,496	2,262	2,262	4,524	-	-	-	
Sweden	1.452	-	2,189,406	-	-	1,094,703	1,094,703	2,189,406	-	-	-	
Switzerland	1.742	-	2,626,684	-	-	1,313,342	1,313,342	2,626,684	-	-	-	
Syrian Arab Republic	0.055	-	82,932	-	-	41,466	41,466	82,932	-	-	-	
Tajikistan	0.001	154,428	1,508	7,840	863	-	-	-	145,725	1,508	147,233	
Thailand	0.304	-	458,388	-	-	229,194	229,194	458,388	-	-	-	
The Former Yugoslav Rep. of Macedonia	0.009	1,870	13,570	1,489	381	-	13,570	13,570	-	-	-	
Timor-Leste	0.001	-	1,508	-	-	1,508	1,508	1,508	-	-	-	
Togo	0.001	58,703	1,508	23	2,229	-	-	-	56,451	1,508	57,959	
Tonga	0.001	668	1,508	155	513	-	1,438	1,438	-	70	70	

Member States	Scale %	Contributions payable		Credits and collections in 2006-2007						Contributions outstanding		Total outstanding
		Prior biennium	Current biennium	Prior biennium		Current biennium		Prior biennium	Current biennium			
				2006	2007	2006	2007			Total		
Trinidad and Tobago	0.032	15,760	48,252	15,760	15,760	48,252	48,252	-	-	-	-	
Tunisia	0.047	2,673	70,870	2,673	2,673	28,300	35,161	63,461	7,409	-	7,409	
Turkey	0.541	-	815,750	-	-	407,875	407,875	815,750	-	-	-	
Turkmenistan	0.007	161,358	10,554	-	-	-	-	-	161,358	10,554	171,912	
Uganda	0.009	4,083	13,570	4,083	4,083	2,461	11,109	13,570	-	-	-	
Ukraine	0.057	4,860,095	85,948	1,014,993	1,014,993	2,029,986	-	-	2,830,109	85,948	2,916,057	
United Arab Emirates	0.342	-	515,686	-	-	257,843	257,843	515,686	-	-	-	
United Kingdom	8.916	-	13,444,044	-	-	6,722,022	6,722,022	13,444,044	-	-	-	
United Republic of Tanzania	0.009	-	13,570	-	-	1,714	5,897	7,611	-	5,959	5,959	
Uruguay	0.070	308,715	105,550	231,288	77,427	308,715	52,930	52,930	-	52,620	52,620	
Uzbekistan	0.020	480,649	30,158	16,732	15,079	31,811	-	-	448,838	30,158	478,996	
Vanuatu	0.001	79,757	1,508	-	-	-	-	-	79,757	1,508	81,265	
Venezuela (Bolivarian Republic of)	0.249	207,746	375,456	207,746	207,746	187,728	181,926	369,654	-	5,802	5,802	
Viet Nam	0.031	16,031	46,744	16,031	16,031	46,744	46,744	46,744	-	-	-	
Yemen	0.009	1,189	13,570	1,189	1,189	6,785	506	7,291	-	6,279	6,279	
Zambia	0.003	59,544	4,524	9,421	50,123	59,544	155	155	-	4,369	4,369	
Zimbabwe	0.010	8,031	15,078	8,031	8,031	7,539	551	8,090	-	6,988	6,988	
Subtotal:	100	48,530,271	150,785,600	5,875,404	4,048,222	70,647,856	70,499,708	141,147,564	38,606,645	9,638,036	48,244,681	
FORMER MEMBER STATES:												
USA		69,190,525	-	7,527	27,717	35,244	-	-	69,155,281	-	69,155,281	
Yugoslavia (former)		2,081,599	-	-	-	-	-	-	2,081,599	-	2,081,599	
Subtotal:		71,272,124	-	7,527	27,717	35,244	-	-	71,236,880	-	71,236,880	
NEW MEMBER STATES:												
Chad		9,802	-	-	-	-	-	-	9,802	-	9,802	
Comoros		12,968	-	-	-	-	-	-	12,968	-	12,968	
Djibouti		8,780	-	-	-	-	-	-	8,780	-	8,780	
El Salvador		17,250	-	-	-	-	-	-	17,250	-	17,250	
Liberia		18,613	-	-	-	-	-	-	18,613	-	18,613	
Montenegro		0	1,508	-	-	-	1,508	1,508	-	-	-	
Sao Tome and		12,968	-	-	-	-	-	-	12,968	-	12,968	

Member States	Scale %	Contributions payable		Credits and collections in 2006-2007						Contributions outstanding				
		Prior biennium	Current biennium	Prior biennium		Current biennium		Prior biennium	Current biennium	Total outstanding				
				2006	2007	2006	2007				Total			
Principe														
Turkmenistan		52,332	-											
Subtotal:		132,713	1,508											
TOTAL		119,935,108	150,787,108	5,882,931	4,075,939	9,958,870	70,647,856	70,501,216	1,508	141,149,072	109,976,238	9,638,036	-	119,614,274
1986		44,138									44,138			44,138
1987		46,734									46,734			46,734
1988		73,639		918		918					72,721			72,721
1989		100,229		8,750		8,750					91,479			91,479
1990		505,895		9,828		9,828					496,067			496,067
1991		743,575		117,743		117,743					625,832			625,832
1992		902,679		56,193	119,162	175,355					727,324			727,324
1993		1,042,723		4,372	210,010	214,382					828,341			828,341
1994		7,800,102		36,243	258,637	294,880					7,505,222			7,505,222
1995		36,651,858		133,687	336,008	469,695					36,182,163			36,182,163
1996		34,166,085		669,038	206,211	875,249					33,290,836			33,290,836
1997		4,900,629		388,638	1,233,141	1,621,779					3,278,850			3,278,850
1998		3,692,255		370	168,287	168,657					3,523,598			3,523,598
1999		4,279,447		180,730	168,923	349,653					3,929,794			3,929,794
2000		2,895,226		60,007	35,489	95,496					2,799,730			2,799,730
2001		2,984,234		149,015	35,489	184,504					2,799,730			2,799,730
2002		3,463,054		239,453	102,619	342,072					3,120,982			3,120,982
2003		3,773,565		229,385	157,119	386,504					3,387,061			3,387,061
2004		4,613,981		715,221	310,570	1,025,791					3,588,190			3,588,190
2005		7,255,060		2,883,340	734,274	3,617,614					3,637,446			3,637,446
2006			75,393,554				70,647,856	1,392,851		72,040,707		3,352,847		3,352,847
2007			75,393,554					69,108,365		69,108,365		6,285,189		6,285,189
TOTAL		119,935,108	150,787,108	5,882,931	4,075,939	9,958,870	70,647,856	70,501,216	1,508	141,149,072	109,976,238	9,638,036	-	119,614,274
Supplementary estimates for the biennium 2004-2005 for security enhancements (GC.11/Dec.15) – refer to Schedule 1.1 for details		2,585,160		2,437,382	18,865	2,456,247					128,913			128,913
TOTAL		122,520,268	150,787,108	8,320,313	4,094,804	12,415,117	70,647,856	70,501,216	1,508	141,149,072	110,105,151	9,638,036	-	119,743,187

Schedule 1.1

**SUPPLEMENTARY ESTIMATES FOR THE BIENNIUM 2004-2005 FOR
SECURITY ENHANCEMENTS
(decision GC.11/Dec.15)**

Status as of 31 December 2007 (in euros)

Scale 2004/ per cent	Member States	Contributions due	Amount credited	Amount outstanding
0.00100	Afghanistan	26	26	-
0.00426	Albania	110	110	-
0.09951	Algeria	2,572	2,572	-
0.00284	Angola	73	73	-
1.37752	Argentina	35,611		35,611
0.00284	Armenia	73		73
1.34625	Austria	34,802	34,802	-
0.00569	Azerbaijan	147	147	-
0.01706	Bahamas	441	441	-
0.02559	Bahrain	662		662
0.01000	Bangladesh	259	259	-
0.01279	Barbados	331	331	-
0.02701	Belarus	698	698	-
1.60498	Belgium	41,491	41,491	-
0.00100	Belize	26	26	-
0.00284	Benin	73	73	-
0.00100	Bhutan	26	26	-
0.01137	Bolivia	294	294	-
0.00569	Bosnia and Herzegovina	147	147	-
0.01422	Botswana	368	368	-
3.39761	Brazil	87,833		87,833
0.01848	Bulgaria	478	478	-
0.00284	Burkina Faso	73	73	-
0.00100	Burundi	26		26
0.00284	Cambodia	73	73	-
0.01279	Cameroon	331	331	-
0.00100	Cape Verde	26		26
0.00100	Central African Republic	26		26
0.00100	Chad	26		26
0.30138	Chile	7,791	7,791	-
2.17788	China	56,301	56,301	-
0.28574	Colombia	7,387	7,387	-
0.00100	Comoros	26		26
0.00100	Congo	26	26	-
0.02843	Costa Rica	735		735
0.01279	Côte d'Ivoire	331	331	-
0.05544	Croatia	1,433	1,433	-
0.04265	Cuba	1,103	1,103	-
0.05402	Cyprus	1,397	1,397	-
0.28858	Czech Republic	7,460	7,460	-
0.01279	Democratic People's Republic of Korea	331	331	-
0.00569	Democratic Republic of the Congo	147		147
1.06477	Denmark	27,526	27,526	-
0.00100	Djibouti	26		26
0.00100	Dominica	26		26

Scale 2004/ per cent	Member States	Contributions due	Amount credited	Amount outstanding
0.03270	Dominican Republic	845		845
0.03554	Ecuador	919	919	-
0.11515	Egypt	2,977	2,977	-
0.02559	El Salvador	662		662
0.00100	Equatorial Guinea	26	26	-
0.00100	Eritrea	26	26	-
0.00569	Ethiopia	147	147	-
0.00569	Fiji	147	147	-
0.74207	Finland	19,184	19,184	-
9.19202	France	237,628	237,628	-
0.01990	Gabon	514		514
0.00100	Gambia	26		26
0.00711	Georgia	184		184
13.88754	Germany	359,015	359,015	-
0.00711	Ghana	184	184	-
0.76624	Greece	19,809	19,809	-
0.00100	Grenada	26		26
0.03838	Guatemala	992	992	-
0.00426	Guinea	110	110	-
0.00100	Guinea-Bissau	26		26
0.00100	Guyana	26	26	-
0.00284	Haiti	73	73	-
0.00711	Honduras	184	184	-
0.17059	Hungary	4,410	4,410	-
0.48476	India	12,532	12,532	-
0.28432	Indonesia	7,350	7,350	-
0.38667	Iran (Islamic Republic of)	9,996	9,996	-
0.19334	Iraq	4,998	4,998	-
0.41795	Ireland	10,805	10,805	-
0.58996	Israel	15,251	15,251	-
7.20001	Italy	186,131	186,131	-
0.00569	Jamaica	147	147	-
22.00000	Japan	568,735	568,735	-
0.01137	Jordan	294	294	-
0.03980	Kazakhstan	1,029	1,029	-
0.01137	Kenya	294	294	-
0.20897	Kuwait	5,402	5,402	-
0.00100	Kyrgyzstan	26		26
0.00100	Lao People 's Democratic Republic	26	26	-
0.01706	Lebanon	441	441	-
0.00100	Lesotho	26	26	-
0.00100	Liberia	26		26
0.09525	Libyan Arab Jamahiriya	2,462	2,462	-
0.02417	Lithuania	625	625	-
0.11373	Luxembourg	2,940	2,940	-
0.00426	Madagascar	110	110	-
0.00284	Malawi	73	73	-
0.33407	Malaysia	8,636	8,636	-
0.00100	Maldives	26	26	-
0.00284	Mali	73	73	-
0.02132	Malta	551	551	-
0.00100	Mauritania	26		26

Scale 2004/ per cent	Member States	Contributions due	Amount credited	Amount outstanding
0.01564	Mauritius	404	404	-
1.54385	Mexico	39,911	39,911	-
0.00284	Moldova	73		73
0.00569	Monaco	147	147	-
0.00100	Mongolia	26	26	-
0.06255	Morocco	1,617	1,617	-
0.00100	Mozambique	26	26	-
0.01000	Myanmar	259	259	-
0.00995	Namibia	257	257	-
0.00569	Nepal	147		147
2.47073	Netherlands	63,872	63,872	-
0.34260	New Zealand	8,857	8,857	-
0.00100	Nicaragua	26		26
0.00100	Niger	26		26
0.09667	Nigeria	2,499	2,499	-
0.91835	Norway	23,741	23,741	-
0.08672	Oman	2,242	2,242	-
0.08672	Pakistan	2,242	2,242	-
0.02559	Panama	662	662	-
0.00853	Papua New Guinea	221		221
0.02275	Paraguay	588	588	-
0.16775	Peru	4,337	4,337	-
0.14216	Philippines	3,675	3,675	-
0.53736	Poland	13,892	13,892	-
0.65678	Portugal	16,979	16,979	-
0.04833	Qatar	1,249	1,249	-
2.63137	Republic of Korea	68,025	68,025	-
0.08245	Romania	2,131	2,131	-
1.70591	Russian Federation	44,100	44,100	-
0.00100	Rwanda	26	26	-
0.00100	Saint Kitts and Nevis	26	26	-
0.00284	Saint Lucia	73	73	-
0.00100	Saint Vincent and the Grenadines	26		26
0.00100	Sao Tome and Principe	26		26
0.78756	Saudi Arabia	20,360	20,360	-
0.00711	Senegal	184	184	-
0.02843	Serbia	735	735	-
0.00284	Seychelles	73		73
0.00100	Sierra Leone	26	26	-
0.06113	Slovakia	1,580	1,580	-
0.11515	Slovenia	2,977	2,977	-
0.00100	Somalia	26		26
0.58001	South Africa	14,994	14,994	-
3.58064	Spain	92,565	92,565	-
0.02275	Sri Lanka	588	588	-
0.00853	Sudan	221	221	-
0.00284	Suriname	73		73
0.00284	Swaziland	73	73	-
1.45962	Sweden	37,734	37,734	-
1.81111	Switzerland	46,820	46,820	-
0.11373	Syrian Arab Republic	2,940	2,940	-
0.00100	Tajikistan	26		26

Scale 2004/ per cent	Member States	Contributions due	Amount credited	Amount outstanding
0.41795	Thailand	10,805	10,805	-
0.00853	The Former Yugoslav Rep. of Macedonia	221	221	-
0.00100	Timor-Leste	26	26	-
0.00100	Togo	26		26
0.00100	Tonga	26	26	-
0.02275	Trinidad and Tobago	588	588	-
0.04265	Tunisia	1,103	1,103	-
0.62550	Turkey	16,170	16,170	-
0.00426	Turkmenistan	110		110
0.00711	Uganda	184	184	-
0.07534	Ukraine	1,948	1,948	-
0.28716	United Arab Emirates	7,424	7,424	-
7.86994	United Kingdom	203,450	203,450	-
0.00569	United Republic of Tanzania	147	147	-
0.11373	Uruguay	2,940	2,940	-
0.01564	Uzbekistan	404		404
0.00100	Vanuatu	26		26
0.29569	Venezuela (Bolivarian Republic of)	7,644	7,644	-
0.02275	Viet Nam	588	588	-
0.00853	Yemen	221	221	-
0.00284	Zambia	73	73	-
0.01137	Zimbabwe	294	294	-
100.00	TOTAL	2,585,160	2,456,247	128,913

Schedule 2

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND
as at 31 December 2007
(in euros)

Member States	Scale of assessment (per cent)	Amount of advance	Collections 1986-2006	Adjustments 2007	Collections 2007	Amount outstanding
Afghanistan	0.003	223	223	-	-	-
Albania	0.007	520	520	-	-	-
Algeria	0.111	8,240	8,240	-	-	-
Angola	0.001	74	74	-	-	-
Argentina	1.391	103,254	103,254	-	-	-
Armenia	0.003	223	223	-	-	-
Austria	1.25	92,788	92,788	-	-	-
Azerbaijan	0.007	520	520	-	-	-
Bahamas	0.019	1,410	1,410	-	-	-
Bahrain	0.044	3,266	2,773	434	-	59
Bangladesh	0.01	742	742	-	-	-
Barbados	0.015	1,113	1,113	-	-	-
Belarus	0.026	1,930	1,930	-	-	-
Belgium	1.556	115,503	115,503	-	-	-
Belize	0.001	74	74	-	-	-
Benin	0.003	223	223	-	-	-
Bhutan	0.001	74	74	-	-	-
Bolivia	0.013	965	965	-	-	-
Bosnia and Herzegovina	0.004	297	297	-	-	-
Botswana	0.017	1,262	1,262	-	-	-
Brazil	2.216	164,494	164,494	-	-	-
Bulgaria	0.025	1,856	1,856	-	-	-
Burkina Faso	0.003	223	223	-	-	-
Burundi	0.001	74	74	-	-	-
Cambodia	0.003	223	223	-	-	-
Cameroon	0.012	891	891	-	-	-
Cape Verde	0.001	74	74	-	-	-
Central African Republic	0.001	74	74	-	-	-
Chad	0.001	74	74	-	-	-
Chile	0.324	24,051	24,051	-	-	-
China	2.987	221,726	221,726	-	-	-
Colombia	0.226	16,776	16,776	-	-	-
Comoros	0.001	74	74	-	-	-
Congo	0.001	74	74	-	-	-
Costa Rica	0.044	3,266	3,266	-	-	-
Côte d'Ivoire	0.015	1,113	1,113	-	-	-
Croatia	0.054	4,008	4,008	-	-	-
Cuba	0.063	4,677	4,677	-	-	-
Cyprus	0.057	4,231	4,231	-	-	-
Czech Republic	0.266	19,745	19,745	-	-	-
Democratic People's Republic of Korea	0.015	1,113	1,113	-	-	-

Member States	Scale of assessment (per cent)	Amount of advance	Collections 1986-2006	Adjustments 2007	Collections 2007	Amount outstanding
Democratic Republic of the Congo	0.004	297	297	-	-	-
Denmark	1.045	77,571	77,571	-	-	-
Djibouti	0.001	74	74	-	-	-
Dominica	0.001	74	74	-	-	-
Dominican Republic	0.051	3,786	325	-	-	3,461
Ecuador	0.028	2,078	2,078	-	-	-
Egypt	0.175	12,990	12,113	877	-	-
El Salvador	0.032	2,375	153	-	-	2,222
Equatorial Guinea	0.003	223	74	-	149	-
Eritrea	0.001	74	74	-	-	-
Ethiopia	0.006	445	445	-	-	-
Fiji	0.006	445	445	-	-	-
Finland	0.776	57,603	57,603	-	-	-
France	8.775	651,371	651,371	-	-	-
Gabon	0.013	965	965	-	-	-
Gambia	0.001	74	74	-	-	-
Georgia	0.004	297	297	-	-	-
Germany	12.605	935,673	935,673	-	-	-
Ghana	0.006	445	445	-	-	-
Greece	0.771	57,232	57,232	-	-	-
Grenada	0.001	74	74	-	-	-
Guatemala	0.044	3,266	3,266	-	-	-
Guinea	0.004	297	297	-	-	-
Guinea-Bissau	0.001	74	74	-	-	-
Guyana	0.001	74	74	-	-	-
Haiti	0.004	297	297	-	-	-
Honduras	0.007	520	520	-	-	-
Hungary	0.183	13,584	13,584	-	-	-
India	0.613	45,503	45,503	-	-	-
Indonesia	0.207	15,366	15,366	-	-	-
Iran (Islamic Republic of)	0.228	16,925	16,925	-	-	-
Iraq	0.023	1,707	1,707	-	-	-
Ireland	0.509	37,783	37,783	-	-	-
Israel	0.68	50,477	50,477	-	-	-
Italy	7.109	527,704	527,704	-	-	-
Jamaica	0.012	891	891	-	-	-
Japan	22	1,633,067	1,633,067	-	-	-
Jordan	0.016	1,188	1,188	-	-	-
Kazakhstan	0.036	2,672	2,672	-	-	-
Kenya	0.013	965	965	-	-	-
Kuwait	0.236	17,518	17,518	-	-	-
Kyrgyzstan	0.001	74	74	-	-	-
Lao People's Democratic Republic	0.001	74	74	-	-	-
Lebanon	0.035	2,598	1,266	210	1,122	-
Lesotho	0.001	74	74	-	-	-

Member States	Scale of assessment (per cent)	Amount of advance	Collections 1986-2006	Adjustments 2007	Collections 2007	Amount outstanding
Liberia	0.001	74	74	-	-	-
Libyan Arab Jamahiriya	0.192	14,252	12,295	1,957	-	-
Lithuania	0.035	2,598	2,598	-	-	-
Luxembourg	0.112	8,314	8,314	-	-	-
Madagascar	0.004	297	297	-	-	-
Malawi	0.001	74	74	-	-	-
Malaysia	0.295	21,898	21,898	-	-	-
Maldives	0.001	74	74	-	-	-
Mali	0.003	223	223	-	-	-
Malta	0.02	1,485	1,485	-	-	-
Mauritania	0.001	74	74	-	-	-
Mauritius	0.016	1,188	1,188	-	-	-
Mexico	2.74	203,391	203,391	-	-	-
Moldova	0.001	74	74	-	-	-
Monaco	0.004	297	297	-	-	-
Mongolia	0.001	74	74	-	-	-
Morocco	0.068	5,048	5,048	-	-	-
Mozambique	0.001	74	74	-	-	-
Myanmar	0.01	742	742	-	-	-
Namibia	0.009	668	668	-	-	-
Nepal	0.006	445	445	-	-	-
Netherlands	2.459	182,533	182,533	-	-	-
New Zealand	0.322	23,902	23,902	-	-	-
Nicaragua	0.001	74	74	-	-	-
Niger	0.001	74	74	-	-	-
Nigeria	0.061	4,528	4,528	-	-	-
Norway	0.988	73,340	73,340	-	-	-
Oman	0.102	7,571	7,571	-	-	-
Pakistan	0.08	5,938	5,938	-	-	-
Panama	0.028	2,078	2,078	-	-	-
Papua New Guinea	0.004	297	297	-	-	-
Paraguay	0.017	1,262	1,262	-	-	-
Peru	0.134	9,947	9,947	-	-	-
Philippines	0.138	10,244	10,244	-	-	-
Poland	0.671	49,809	49,809	-	-	-
Portugal	0.684	50,774	50,774	-	-	-
Qatar	0.093	6,903	5,250	-	1,653	-
Republic of Korea	2.613	193,964	193,964	-	-	-
Romania	0.087	6,458	6,458	-	-	-
Russian Federation	1.601	118,843	118,843	-	-	-
Rwanda	0.001	74	74	-	-	-
Saint Kitts and Nevis	0.001	74	74	-	-	-
Saint Lucia	0.003	223	223	-	-	-
Saint Vincent and the Grenadines	0.001	74	74	-	-	-
Sao Tome and Principe	0.001	74	74	-	-	-
Saudi Arabia	1.038	77,052	77,052	-	-	-

Member States	Scale of assessment (per cent)	Amount of advance	Collections 1986-2006	Adjustments 2007	Collections 2007	Amount outstanding
Senegal	0.007	520	520	-	-	-
Serbia	0.028	2,078	2,078	-	-	-
Seychelles	0.003	223	214	9	-	-
Sierra Leone	0.001	74	74	-	-	-
Slovakia	0.074	5,493	5,493	-	-	-
Slovenia	0.119	8,833	8,833	-	-	-
Somalia	0.001	74	74	-	-	-
South Africa	0.425	31,548	31,548	-	-	-
Spain	3.667	272,203	272,203	-	-	-
Sri Lanka	0.025	1,856	1,856	-	-	-
Sudan	0.01	742	742	-	-	-
Suriname	0.001	74	74	-	-	-
Swaziland	0.003	223	223	-	-	-
Sweden	1.452	107,783	107,783	-	-	-
Switzerland	1.742	129,310	129,310	-	-	-
Syrian Arab Republic	0.055	4,083	4,083	-	-	-
Tajikistan	0.001	74	74	-	-	-
Thailand	0.304	22,566	22,566	-	-	-
The former Yugoslav Republic of Macedonia	0.009	668	668	-	-	-
Timor-Leste	0.001	74	74	-	-	-
Togo	0.001	74	74	-	-	-
Tonga	0.001	74	74	-	-	-
Trinidad and Tobago	0.032	2,375	2,375	-	-	-
Tunisia	0.047	3,489	3,489	-	-	-
Turkey	0.541	40,159	40,159	-	-	-
Turkmenistan	0.007	520	56	-	-	464
Uganda	0.009	668	668	-	-	-
Ukraine	0.057	4,231	4,231	-	-	-
United Arab Emirates	0.342	25,387	25,387	-	-	-
United Kingdom	8.916	661,838	661,838	-	-	-
United Republic of Tanzania	0.009	668	668	-	-	-
Uruguay	0.07	5,196	5,196	-	-	-
Uzbekistan	0.02	1,485	1,485	-	-	-
Vanuatu	0.001	74	74	-	-	-
Venezuela (Bolivarian Republic of)	0.249	18,483	18,483	-	-	-
Viet Nam	0.031	2,301	2,276	25	-	-
Yemen	0.009	668	668	-	-	-
Zambia	0.003	223	223	-	-	-
Zimbabwe	0.01	742	742	-	-	-
Subtotal	100	7,423,030	7,410,388	3,512	2,924	6,206
<i>New Member State</i> Montenegro	0.001	74			74	-
TOTAL	100.001	7,423,104	7,410,388	3,512	2,998	6,206

GENERAL FUND

Status of appropriations by major object of expenditure for the biennium 2006-2007 as at 31 December 2007
(in thousands of euros)

<u>Major object of expenditure</u>	<u>Appropriations</u>	<u>Disbursements during 2006-2007</u>	<u>Unliquidated obligations as at 31/12/07</u>	<u>Total expenditure</u>	<u>Balance of appropriations</u>
Salaries and common staff costs	104,050.1	90,532.5	4,342.6	94,875.1	9,175.0
Official travel	2,847.7	2,472.4	335.9	2,808.3	39.4
Operating costs	26,932.1	18,869.9	3,710.2	22,580.1	4,352.0
Information and communication technology	5,600.2	3,618.0	1,129.7	4,747.7	852.5
RPTC and SRA activities	14,579.8	14,428.0	0.0	14,428.0	151.8
TOTAL A	154,009.9	129,920.8	9,518.4	139,439.2	14,570.7
<u>Income</u>	<u>Approved Estimates</u>	<u>Actual Income</u>	<u>Accrued Income</u>	<u>Total Income</u>	<u>Shortfall</u>
Regional programme	1,685.9	945.0	0.0	945.0	740.9
Miscellaneous income	1,538.4	1,555.2	0.0	1,555.2	(16.8)
1. Estimated in decision GC.11/Dec.18		(1,147.5)	0.0	(1,147.5)	1,147.5
2. Not estimated in decision GC.11/Dec.18					
TOTAL B	3,224.3	1,352.7	0.0	1,352.7	1,871.6
TOTAL A - B	150,785.6	128,568.1	9,518.4	138,086.5	12,699.1

Schedule 4

OTHER HEADQUARTERS FUNDS
BUILDINGS MANAGEMENT SERVICES
Status of appropriations by major object of expenditure for the biennium 2006-2007
(in thousands of euros)

<u>Major object of expenditure</u>	<u>Appropriations</u>	<u>Disbursements during 2006-2007</u>	<u>Unliquidated obligations as at 31/12/07</u>	<u>Total expenditure</u>	<u>Balance of appropriations</u>
Staff costs	15,817.2	12,353.9	83.4	12,437.3	3,379.9
Official travel	14.8	8.9	1.9	10.8	4.0
Operating costs	41,331.7	19,296.6	6,122.9	25,419.5	15,912.2
Information and communication technology	0.0	0.0	0.0	0.0	0.0
RPTC and SRA activities	0.0	0.0	0.0	0.0	0.0
TOTAL A	57,163.7	31,659.4	6,208.2	37,867.6	19,296.1
Income	Estimated Income	Actual Income	Accrued Income	Total Income	Shortfall/(Excess)
Common Buildings Management	55,236.7	38,947.2	802.0	39,749.2	15,487.5
Joint Buildings Management	1,927.0	946.1	174.1	1,120.2	806.8
TOTAL B	57,163.7	39,893.3	976.1	40,869.4	16,294.3
Miscellaneous Income					
Not estimated in decision GC.11/Dec.18	0.0	1,189.6	109.6	1,299.2	(1,299.2)
TOTAL C	0.0	1,189.6	109.6	1,299.2	(1,299.2)
TOTAL A - B - C	0.0	(9,423.5)	5,122.5	(4,301.0)	4,301.00
Cumulative fund balance - Special Account for BMS					
Excess of income over expenditure for 2006-2007 (as above)					4,301.00
Savings on cancellation of obligations					87.30
Prior biennium adjustment					4.50
Fund balance as at 1 January 2006					15,587.00
Cumulative fund balance as at 31 December 2007					19,979.80

Annex IV

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Objectives and activities of UNIDO

The United Nations Industrial Development Organization (UNIDO) is a specialized United Nations agency dedicated to improving the living conditions of people and promoting global prosperity by offering tailor-made solutions for the sustainable industrial development in developing countries and countries with economies in transition.

UNIDO channels its technical cooperation activities into three thematic priority areas – poverty reduction through productive activities, trade capacity-building and environment and energy. In addition, it engages in a number of cross-cutting activities, especially in promoting South-South cooperation for industrial development, coordinating activities related to human security, focusing on the most vulnerable groups in society and provision of research and statistical services. In carrying out its activities, UNIDO seeks to engage in partnerships with other development agencies having complementary mandates and competences, in both the public and private sector, in order to optimize the development impact of its interventions.

The key comparative advantage of UNIDO lies in its unique ability to provide comprehensive and integrated packages of services; combining its operational activities with its analytical, normative and convening roles. Those services include: analyses of current and emerging industrial trends; benchmarking of industrial performance; policy advice based on international best practices; transfer and upgrading of environmentally-sound manufacturing technologies; and promotion of industrial investments. UNIDO focuses its work on low-income countries, particularly in Africa, and on linking agriculture with industry. UNIDO is committed to maintaining excellent standards in the implementation of these programmes.

Note 2: Summary of significant accounting policies

Basis of presentation

2.1 UNIDO's accounts are maintained in accordance with Article X of the Financial Regulations of UNIDO, as adopted by the General Conference, the financial rules formulated thereunder, administrative instructions and in conformity with generally accepted accounting principles. UNIDO follows the United Nations System Accounting Standards as approved by the High-level Committee on Management (HLCM) on behalf of the United Nations Chief Executives Board for Coordination (CEB) at its seventh session and requested by General Assembly resolution 48/216, and the financial statements, of which these notes form an integral part, are presented in accordance with those standards.

2.2 The UNIDO financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

2.3 In accordance with Financial Regulation 10.5, the financial statements of UNIDO are presented in euros. Accounts and accounting records may, however, be kept in such currency or currencies, as the Director-General may deem necessary. Accordingly, accounts of technical cooperation activities are maintained in euros and United States dollars, depending on the currency in which the funding from the donor was received or in certain cases, according to the currency of project implementation.

2.4 UNIDO's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Conference or the Director-General. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts.

2.5 The fiscal period of the Organization is a biennium and consists of two consecutive calendar years.

2.6 Income, expenditure, assets and liabilities are recognized on the accrual basis of accounting, except in instances specifically mentioned below.

Translation and conversion of currencies

2.7 Transactions in other currencies are recorded in euros for all funds and in United States dollars for dollar-based extrabudgetary technical cooperation activities at the applicable United Nations operational rate of exchange at the deemed date of the transaction. Assets, liabilities, reserves and fund balances held in other currencies are translated at the applicable United Nations operational rate of exchange at the date of the statement.

2.8 Exchange rate gains and losses arising from transactions and the revaluation of assets and liabilities are accounted as other income in Statement I subject to 2.9 (iii) below.

2.9 In preparing the Organization's consolidated financial statements, the accounts of technical cooperation activities maintained in United States dollars are translated to euros using generally accepted accounting practices. Namely,

- (i) Non-euro income, expenditure and changes in reserves and fund balances are stated at the equivalent amount of euros applicable as at the deemed date of the transaction applying the United Nations operational rate of exchange as at that date;
- (ii) Non-euro assets, liabilities, reserves and fund balances as at 31 December 2007 are converted to a euro equivalent using the United Nations operational rate of exchange as at 31 December 2007;
- (iii) All resulting exchange differences are classified as a component of reserves and fund balances in Statements I and II in a separate account – 'currency translations'.

Income recognition

2.10 Contributions to the regular budget are recognized as income on the basis of assessments approved by the General Conference to Member States for the fiscal period.

2.11 Voluntary contributions towards regular budget and technical cooperation activities from Governments or other donors are recognized as income upon receipt of cash or cash equivalents.

2.12 Contributions in kind received are not accounted for, but the value is disclosed in the notes to the financial statements. Where necessary, amounts are estimated locally based on a fair commercial value in an arms length transaction and amounts in foreign currencies are translated using annual average United Nations operational rate of exchange.

2.13 Funds under inter-organization arrangements representing income from UNDP and UNDP trust funds are the same as reported for total expenditure in line with UNDP procedures, which require that allocations be adjusted to equal actual expenditure.

2.14 Income from revenue producing activities, consisting of sales of publications and Computer Model for Feasibility and Analysis (COMFAR), is recognized on a cash basis. In addition, for COMFAR, income is recognized on confirmation of receipt of funds at a field location (e.g. UNDP country offices).

2.15 Income from the operation of common services under Buildings Management Services is recognized on issuance of invoices to the Vienna International Centre (VIC)-based organizations. At year-end, income is accrued for staff costs in BMS, pending the issuance of invoices.

2.16 For the regular budget, refunds of expenditure charged to previous fiscal periods, proceeds from the sale of surplus property, commissions from travel agents, CTBTO support costs and other sundry credits are treated as miscellaneous income.

Interest income

2.17 Interest income, including accrued interest on bank deposits for regular and operational budget, special account for Buildings Management, general-purpose segment of the Industrial Development Fund and Multilateral Fund for the Montreal Protocol is recognized as income in the respective accounts and funds. Interest income arising from UNDP activities is credited to the operating fund account maintained

with that organization. Pursuant to General Conference decision GC.8/Dec.10, interest income under the regular budget is limited to the budgetary estimates contained in the programme and budgets for the fiscal period, including interest earned on working capital funds.

2.18 Total interest income, including accrued interest on bank deposits for the special-purpose Industrial Development Fund, direct funding under Global Environment Facility (net of audit fees), trust funds and Global Environment Facility funds through UNEP (UNEP/GEF) relating to the technical cooperation activities is credited to accounts payable until instructions regarding its utilization are received from the donor.

Expenditure

2.19 Expenditure reported in the financial statements includes disbursements and unliquidated obligations.

2.20 Expenditure on acquisition of furniture, equipment, other non-expendables and leasehold improvements is charged to expenditure in the year of purchase and is not included in the assets of the Organization. The inventory of such non-expendable property is maintained on historical cost basis and the value is disclosed in the notes to the financial statements.

2.21 Disbursements made in the current fiscal period, for future fiscal periods are not charged to the expenditure in the current fiscal period but are recorded as deferred charges, as referred to in Note 2.25 below.

2.22 Ex gratia payments made in accordance with financial rule 109.3.1 are reported in the notes to the financial statements of the respective fund pursuant to financial regulation 9.3.

Assets

2.23 Assessed contributions receivable represent legal obligations due from Member States. Details of the receivables are provided in a schedule to the financial statements. A full provision for outstanding assessed contributions for regular budget for the previous fiscal periods is made at the end of the current fiscal period.

2.24 Funds on deposit in interest-bearing bank accounts, certificates of deposit, time deposits and call accounts are shown as cash and term deposits.

2.25 Expenditure items that are not properly chargeable in the current fiscal period and that will be charged as expenditure in a subsequent fiscal period are shown under other assets as deferred charges. For balance sheet statement purposes only, that portion of the education grant advance, which is assumed to pertain to the scholastic year completed as at the date of the financial statement is also shown under deferred charges.

Liabilities and reserves

2.26 In accordance with financial regulation 5.2(d) unencumbered balance of appropriations adjusted against future assessments as requested by certain Member States and contributions received in advance for 2008 and beyond, are held as a liability until applied against assessments for future fiscal periods.

2.27 For the regular budget, obligations made and outstanding against the current fiscal period are shown as unliquidated obligations. According to financial regulation 4.2(b) these obligations remain valid for twelve months following the end of the fiscal period to which they relate. At the end of the twelve months the remaining unliquidated obligations are terminated.

2.28 For all technical cooperation activities, unliquidated obligations meeting the established criteria remain valid for twelve months after the end of each calendar year. However, in accordance with established policy, these obligations may be retained beyond twelve months, when a firm liability to pay still exists and/or until the completion of activities under relevant projects.

2.29 No provision is made in the General Fund for end-of-service entitlements, after-service health insurance or meeting potential liabilities under appendix D to the Staff Rules of UNIDO, as funds are

provided for in the budget appropriations to meet the obligations on a pay-as-you-go basis. However, provision is made to meet repatriation grant entitlements and potential liabilities for compensation payments under appendix D to the Staff Rules for personnel financed by technical cooperation resources other than inter-organization arrangements and certain trust funds and are calculated on the basis of eight per cent and one per cent of net base pay, respectively (Note 2.32 refers).

Savings on or cancellation of prior period obligations

2.30 Savings on or cancellation of obligations relating to regular budget's unliquidated obligations for the prior fiscal period are credited to Member States in the current fiscal period in accordance with financial regulation 4.2(c). Savings on or the cancellation of prior year obligations in respect of all technical cooperation activities are credited to individual projects as a reduction of current year expenditure or as miscellaneous income for completed projects. For BMS special account, the savings on or the cancellation of obligations for the prior period is credited to the special account in the current period.

Commitments and contingent liabilities

2.31 Commitments approved for future fiscal periods that are necessary in the interest of UNIDO, in accordance with financial rule 109.2.2, are disclosed in the notes to the financial statements of the respective fund. Such commitments are normally restricted to administrative requirements of a continuing nature and to other contracts or legal obligations where long lead times are required for delivery.

2.32 Contingent liabilities for end-of-service entitlements, after-service health insurance and for any pending litigations are disclosed in the notes to the financial statements (refer Note 2.29).

Special account for RPTC

2.33 The appropriations for the Regular Programme of Technical Cooperation (RPTC) are administered in accordance with the Financial Regulations of UNIDO, and in accordance with the General Conference decision GC.9/Dec.14.

2.34 Miscellaneous income from refunds for completed projects and exchange differences relating to the RPTC are credited to the special account.

2.35 The criteria for recording and reporting unliquidated obligations against the current biennium for the RPTC are the same as those for technical cooperation activities. Savings on or cancellation of obligations are credited to the relevant projects under RPTC and retained in the special account for carrying-out RPTC activities.

Special account for programme support costs

2.36 Income from programme support costs, charged in respect of programme expenditure under extrabudgetary technical cooperation activities, is recognized on the earlier of the establishment of obligations or on disbursements and is credited to the special account for financing the operational budget.

2.37 In the financial statements of the Organization, the special account for programme support costs is shown separately from the inter-organization funds, from which its income derives.

2.38 Unliquidated obligations in respect of the special account for programme support costs are accounted for on the same basis as for the regular budget. Savings on or cancellation of obligations is credited to the special account for programme support costs.

Note 3: General Fund and Working Capital Fund

3.1 Assessed contributions

The General Conference approved that an amount of €150,785,600 for the regular budget for the biennium 2006-2007 (decision GC.11/Dec.18) be financed from assessed contributions by Member States. In accordance with financial regulation 5.5(c), payments made by a Member State are credited first to the Working Capital Fund and then to the contributions due, in the order in which the Member State was

assessed. Full provision of €109,976,238 is made for assessed contributions outstanding for prior bienniums as of 31 December 2007.

3.2 Voluntary contributions

This represents host-Government contributions towards the operational costs of UNIDO field offices.

3.3 Revenue-producing activities

Gross revenue from the sale of UNIDO publications was €181,198, one-half of which (€90,620) is reported under revenue producing activities and the other half is transferred to the sales publications revolving fund (Note 3.13(i) refers).

3.4 Interest income

Interest income of €1,464,600 represents the budgetary estimate contained in the programme and budgets for the biennium 2006-2007. According to decision GC.8/Dec.10, the excess interest over the budgetary estimate is set aside pending distribution to eligible Member States in accordance with the "S" curve formula, as an incentive for prompt payment of assessed contributions.

	€ '000	
	2006-2007	2004-2005
Opening balance	345.3	233.8
Less: Credited to Member States	-	233.8
Excess interest for the period	2,414.9	345.3
Closing balance	2,760.2	345.3

3.5 Currency exchange adjustments

Pursuant to General Conference decision GC.8/Dec.16 an amount of €1,222,560 has been transferred to the reserve for exchange rate fluctuations (Note 3.13(iii) refers). The amount transferred to the reserve is the difference between the euro value of actual dollars expended and the budgeted euro cost of those dollars for the biennium 2006-2007. The dollar requirements for the biennium 2006-2007 were calculated using the 2004 average United Nations euro/dollar exchange rate, i.e. €1 = \$1.2341 (document GC.11/11), or \$1 = €0.8103. The amount reflected in the currency exchange adjustment is this transfer and the exchange gains/losses from regular budget activities for the biennium, primarily from the revaluation of non euro bank balances.

3.6 Miscellaneous income

	€ '000	
	2006-2007	2004-2005
Refund of prior periods expenditure	42.1	57.2
Commissions from travel agent	81.7	100.6
Support costs ^(a)	305.2	351.3
Sale of surplus property	11.5	8.4
Other miscellaneous	80.0	102.7
Total	520.5	620.2

^(a) This relates to CTBTO support costs charged on BMS activities.

3.7 Prior biennium adjustments

The prior biennium adjustments comprise:

	€
(a) A charge for the biennium 2000-2001 in respect of a payment made to a UNIDO staff member as ruled by the International Labour Organization Administrative Tribunal	3,264
(b) A charge for bienniums 2002-2003 and 2004-2005 in respect of a payment made to a former staff member as ruled by ILOAT	247,261
(c) Correction of an error between BMS and regular budget	4,485
(d) Various late charges from field offices for the biennium 2004-2005	79,277
(e) Late charges and recoveries for bienniums 2002-2003 and 2004-2005 on SRA activities	(9,799)
Total	324,488

3.8 Savings on or cancellation of obligations from the prior biennium

In accordance with financial regulation 4.2(c), the savings on or cancellation of obligations relating to the regular budget unliquidated obligations for biennium 2004-2005 credited to Member States in the current biennium amounted to €2,967,832.

3.9 Accounts receivable – other

	€ '000	
	2006-2007	2004-2005
Salary advances	83.0	137.0
Education grant advances	830.3	834.2
Travel advances	436.8	168.0
Receivable from VIC-based organizations	285.5	169.0
Supplementary assessments	-	2,585.2
US income tax recoverable ^(a)	955.8	955.8
VAT	194.3	193.7
Accrued interest	464.7	81.7
Other miscellaneous ^(b)	1,493.7	1,538.7
Subtotal	4,744.1	6,663.3
Less: Provision for doubtful receivables	(723.7)	(723.7)
Total	4,020.4	5,939.6

^(a) Organization's claim submitted to the Government of the United States of America in respect of United States income tax reimbursed to UNIDO staff members during the period 1994 to 1996 under the Tax Reimbursement Agreement. The Government of the United States of America had communicated to the Organization that it acknowledges this debt; however, no payment was received during the biennium.

^(b) Includes the Organization's claim to the International Atomic Energy Agency under the cost-sharing agreement for termination indemnity costs for Buildings Management staff separated during the 1995 staff reduction exercise not resolved. The amount claimed is \$644,453 (€723,720 at the United Nations operational rate of exchange approved by the ninth session of the General Conference (decision GC.9/Dec.15)). A provision has been made for a possible write-off of this receivable.

3.10 Other Assets

Other assets include the deferred expenditure shown below.

	€ '000	
	2006-2007	2004-2005
Advances against future years obligations	4.6	3.9
Deferred education grant advances	553.5	556.2

	€ '000	
	2006-2007	2004-2005
Other miscellaneous	-	6.0
Total	558.1	566.1

3.11 Payments or contributions received in advance

This amount includes, assessed contributions of €345,291 received from Member States to be applied against the 2008 assessment and advances of €2,385,345 received from VIC-based organizations for special work programmes carried out by BMS at the VIC.

3.12 Accounts payable – other

	€ '000	
	2006-2007	2004-2005
Unencumbered balances due to Member States	8,891.0	4,419.7
Incentive scheme interest due to Member States	2,760.2	345.3
Accruals for maternity leave replacements	171.4	179.8
Due to United Nations	179.9	-
Prior years' obligations	153.8	99.8
Miscellaneous payables	392.9	568.8
Other clearing accounts	417.3	429.2
Total	12,966.5	6,042.6

3.13 Other reserves

Total other reserves of €19,788,282 comprise the following:

(i) Sales publication revolving fund

The sales publication revolving fund was established in biennium 1998-1999 as contained in document GC.7/21 and decision GC.7/Dec.16 to support longer range planning of publication activities, including promotion, marketing and reprinting of publications. The fund is credited with one-half of the income generated from sale of publications and charged with the full costs related to promotions, marketing and publication activities as shown below.

	€ '000	
	2006-2007	2004-2005
Sales	181.2	159.1
Less: Transfer to revenue producing activities	90.6	79.5
Less: Promotional and other costs	17.0	70.6
Surplus/(deficit) for the period	73.6	9.0
Opening balance	130.1	121.1
Closing balance	203.7	130.1

(ii) Separation indemnity reserves

Pursuant to decision GC.6/Dec.15, paragraph (e), the amount of \$9,546,732 representing the balance of appropriations for the biennium 1992-1993, which was actually received by the Organization, was transferred to a separation indemnity reserve in 1995. Pursuant to General Conference decision GC.7/Dec.17, the amount of \$13,900,000 million was transferred from the unencumbered balance of appropriations for the biennium 1994-1995 for the funding of the separation indemnity reserve to meet

the cost of staff separations resulting from the 1998-1999 programme and budgets. Unlike the previous allocation from the biennium 1992-1993, the allocation from the biennium 1994-1995 was not supported by actual cash, as large arrears for this biennium exist. The cumulative payments made during the period 1995 to 2001 from both reserves amounts to \$18,546,191. The remaining balance of \$4,900,541 was converted to euros on 1 January 2002 using the exchange rate approved by the General Conference (decision GC.9/Dec.15).

	€ '000	
	2006-2007	2004-2005
Opening balance	5,499.3	5,499.3
Less: Payments made during the period	-	-
Closing balance	5,499.3	5,499.3

(iii) Reserve for exchange rate fluctuations

General Conference in decision GC.8/Dec.16 authorized the Director-General to establish a reserve, not subject to the provisions of the financial regulations 4.2(b) and 4.2(c). Consequently, the reserve was established in biennium 2002-2003 in order to protect the Organization from exchange rate fluctuations resulting from the introduction of the euro as a single currency for the preparation of the programme and budgets, appropriation and assessment, collection of contributions and advances, and currency of accounts. The amount transferred to the reserve is the difference between the euro value of actual dollars expended and the budgeted euro cost of those dollars (Note 3.5 refers).

	€ '000	
	2006-2007	2004-2005
Opening balance	7,748.6	1,840.8
Transfers during the period	1,222.5	5,907.8
Closing balance	8,971.1	7,748.6

(iv) Special account for RPTC

In accordance with General Conference decision GC.9/Dec.14, a special account was established for fully programmable appropriations under the RPTC, not subject to financial regulations 4.2(b) and 4.2(c). Funds from cancellation of obligations, if any, would be retained in the special account for carrying out RPTC activities (Notes 2.33 to 2.35 refer).

	€ '000	
	2006-2007	2004-2005
Appropriations from regular budget	9,047.8	8,657.8
Currency exchange adjustment/Misc. income	76.7	1.0
Total income	9,124.5	8,658.8
Expenditure	(6,907.8)	(8,229.5)
Surplus for the period	2,216.7	429.3
Opening balance	2,897.4	2,468.1
Closing balance	5,114.1	2,897.4

3.14 Working Capital Fund

The General Conference decision GC.2/Dec.27 established the Working Capital Fund at \$9 million for the purpose of financing budgetary appropriations pending the receipt of contributions and unforeseen and extraordinary expenditure. At subsequent General Conference sessions, the level of the Fund was

progressively reduced to \$6,610,000. With the introduction of euro assessment effective 1 January 2002, the amount was converted to euros in accordance with decision GC.9/Dec.15, resulting in a Working Capital Fund of €7,423,030. The General Conference (GC.11/Dec.14) decided to maintain the Fund at the same level for the biennium 2006-2007. The Fund is financed through assessments to Member States based on the scale of assessments approved by the General Conference.

	€ '000	
	2006-2007	2004-2005
Opening balance	7,423.0	7,423.4
Adjustments during the period	0.1	(0.4)
Closing balance	7,423.1	7,423.0

As of 31 December 2007 an amount of €6,206 was outstanding. In accordance with Board decision IDB.29/Dec.4, the amount of €176,256 utilized to pre-finance security enhancement expenditure at the VIC during 2004-2005 from the Working Capital Fund, was replenished during the biennium from the collection of supplementary assessments made for security enhancements (Note 4.3 refers).

3.15 Credits/surpluses due to Member States

Surpluses due to Member States are funds available for credit to Member States arising from unencumbered balances of the appropriations and contributions from new Member States. In accordance with financial regulation 4.2(b), the unencumbered balance of the appropriations at the end of a fiscal period shall be surrendered to the Members at the end of the first calendar year following the fiscal period after deducting therefrom any contributions from Members relating to that fiscal period which remain unpaid, and shall be credited to the Members in proportion to their assessed contributions in accordance with the provisions of the financial regulations 4.2(c) and 5.2(d). Financial regulation 4.2(c) requires that, before the respective share of the balance is surrendered to any Member that has outstanding regular budget obligations to the Organization, those obligations shall first be brought to account.

As at the balance sheet date, the surpluses due for distribution – representing assessed contributions received for prior bienniums together with receipts from new Member States are set-aside in “accounts payable – other” (see Note 3.12), pending receipt of Member States’ instructions.

	€ '000	
	2006-2007	2004-2005
Unencumbered balance brought forward	4,419.7	5,295.6
Contributions received during the period	9,057.0	4,301.4
Applied to assessments, retained for technical cooperation activities or refunded to Member States	(4,585.7)	(5,177.3)
Unencumbered balance carried forward	8,891.0	4,419.7

The following is a cumulative analysis of the surpluses due to Member States, expressed in millions of euros.

	<i>Surplus</i>	<i>Surpluses disposed and applied to assessments</i>	<i>Prior biennium adjustments</i>	<i>Surpluses due for distribution</i>	<i>Provisions for delays in the collection of contributions</i>	<i>Surpluses due to Member States</i>	<i>Remarks</i>
2006-2007	12.7					12.7	Provisional
2004-2005	13.8		(0.2)	4.6	7.2	1.8	
2002-2003	10.2	2.3	(0.1)	0.6	6.5	0.7	
2000-2001	10.3	4.1		0.5	5.6	0.1	
1998-1999	14.3	6.0		0.7	7.5	0.1	
1996-1997 (GC.8/Res.4)	46.9	8.7		2.2	36.6	(0.6)	
1994-1995 (GC.7/Dec.17)	35.3	15.6			43.6	(23.9)	
1992-1993 (GC.6/Dec.15) (GC.8/Dec.10) (GC.8/Res.4)	16.5	14.6		0.3	1.6	0.0	
1990-1991	9.8				1.1	8.7	Retained – GC.5/Dec.14
1988-1989	7.3				0.1	7.2	Retained – GC.4/Dec.15
1986-1987 (GC4/Dec.15)	4.8	4.8				0.0	
Total	181.9	56.1	(0.3)	8.9	109.8	6.8	
Contributions from new Member States	1.9	1.7		0.0	0.1	0.1	
Total	183.8	57.8	(0.3)	8.9	109.9	6.9	

3.16 Eliminations

Eliminations comprise two elements as shown below:

- Buildings Management Service costs charged to UNIDO. An amount of €5,864,572 is eliminated from both operating costs and contractual services and income to avoid double counting of UNIDO's contribution to buildings management costs;
- Expenditure of €12,211,281 on RPTC and SRA activities is re-analysed into its component parts.

3.17 Contributions in kind

Contributions in kind estimated at €343,099 were received from Member States in support of UNIDO field offices during the biennium.

3.18 Ex gratia payments

No ex gratia payments were made during the biennium.

3.19 Non-expendable equipment

The following table shows the Headquarters non-expendable equipment, at cost, expressed in millions of euros, according to the cumulative inventory records of UNIDO as at 31 December 2007. The minimum value for recognition of non-expendable property is €1,700 per item.

	<u>2006-2007</u>	<u>2004-2005</u>
Opening balance	8.6	12.6
Less: Value of special items	-	(2.7)
Adjustments to the opening balance	-	(0.7)
Adjusted opening balance	8.6	9.2
Add: acquisitions during period	0.5	0.5
Deduct: disposals during period	(0.8)	(1.1)
Closing balance	8.3	8.6

The historical value of non-expendable property at UNIDO field office locations at 31 December 2007 amounted to €1.9 million. In addition, special items with a unit value of at least €600 are maintained in inventory records for Headquarters and field offices and amounted to €2.8 million and €0.4 million respectively as at 31 December 2007.

3.20 Contingent liabilities

(i) End-of-service payment to staff

In line with United Nations accounting standards, liabilities for end-of-service payments comprise end-of-service allowance, repatriation grant and compensation for accrued annual leave. To provide a more realistic estimate, the amount required for the removal of household goods has also been included. The valuation as at 31 December 2007 is based on the United Nations salary scale and the entitlements defined in the staff regulations and rules, as well as taking into account the average of actual costs of removal expenses of staff separating during the year 2007. The amounts are estimated to be:

Regular budget €19.1 million

Operational budget € 4.6 million

Post retirement benefits are excluded.

No provision is made for this liability, except that in the case of the operational budget, as reflected in Statement II and Note 4.7 (operating reserve).

(ii) The United Nations Joint Staff Pension Fund

UNIDO is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligation of the Organization to the United Nations Joint Staff Pension Fund consists of its mandated contribution at the rate established by the United Nations General Assembly, together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. At the time of this report, the United Nations General Assembly has not invoked this provision.

(iii) After-service health insurance

Staff members (their spouses, dependent children or survivors) retiring from service under the Pension Fund regulations at age 55 or later are eligible for after-service health insurance (ASHI) coverage after having been a participant in a contributory health insurance scheme of the common system for at least ten years. The same applies to staff members receiving compensation for disability under Appendix D to the staff rules. Costs of participation in this scheme are borne on the basis of joint contributions by UNIDO and the participants concerned.

During the biennium, the Organization's contribution to the scheme amounted to €4,046,077. The contributions against the Buildings Management Services amounted to €152,205, which was cost-shared with other VIC-based organizations. An actuarial valuation was conducted using the same demographic assumptions as used by the UNJSPF to determine the accrued liabilities under ASHI as at 31 December 2007. According to the valuation, the level of unfunded liabilities as at December 2007 amount to €71.9 million (\$104.9 million based on the period end exchange rate). A United Nations system-wide solution is being sought to address the issue of unfunded liabilities. The lead agency on this issue, established by the High-level Committee on Management, Finance and Budget Network, is the United Nations, who is scheduled to resubmit a report to the General Assembly during 2008, upon the validation of liabilities.

(iv) Appeal cases

The contingent liabilities on pending staff related appeals as at 31 December 2007, amounts to €1,150,834.

(v) Major repairs and replacements at the Vienna International Centre

Under a new agreement reached between the VIC-based organizations and the Republic of Austria in 2002, costs related to unexpected major repairs and replacements, which are not included in the agreed investment plan, will have to be shared equally between the Austrian Government and the VIC-based organizations. In the past, such costs were fully absorbed by the Austrian Government. No provisions have been made for such unforeseen expenditure in the financial statements.

Note 4: Other Headquarters funds**4.1 Funds reported under this heading comprise:**

- (i) Special Account for Programme Support Costs;
- (ii) Computer Model for Feasibility Analysis and Reporting (COMFAR);
- (iii) Buildings Management Services (BMS);
- (iv) Special Account for Security Enhancements at the VIC.

4.2 Building management services

With effect from 1 January 2002, the General Conference approved BMS as a separate, self-balancing major programme in the programme and budgets of UNIDO (decision GC.9/Dec.17). All BMS expenditures are offset by income, i.e. contributions received from other VIC-based organizations and from UNIDO. Consequently, under the UNIDO General Fund, only UNIDO's share of the BMS costs are included (reference IDB.24/3-PBC.17/3). In view of the above, the BMS is reported under other Headquarters funds beginning with the biennium 2002-2003. The BMS operations are further split into two components:

- (i) Staff costs: This continues to be subject to the provisions of financial regulations 4.2(b) and 4.2(c);
- (ii) Special account for Buildings Management Services (for other than staff costs): The ninth session of the General Conference (decision GC.9/Dec.14), established with effect from January 2002, a special account for BMS (for other than staff costs), which is not subject to financial regulations 4.2(b) and 4.2(c). Thus the budgetary surplus, if any, will not require

distribution to Member States. Each VIC-based organization (UNIDO, IAEA, UNOV and CTBTO) is required to pay its share into this account.

Additional analysis of BMS operations is provided in schedule 4 and the analysis on the special account is provided in Annex III. The surplus of €19,979,868 on the special account for BMS costs does not form part of the unencumbered balances of the appropriations due to Member States at the end of the biennium and is used for planned activities having multi-year implementation schedules. This amount includes €9,294,325 due from the International Atomic Energy Agency.

4.3 Special account for security enhancements at the VIC

The General Conference at its eleventh session established a special account with effect from the biennium 2004-2005, for the purpose of financing UNIDO's share of the security enhancements at the VIC (decision GC.11/Dec.15). The special account is not subject to financial regulations 4.2(b) and 4.2(c). Pending the issuance of supplementary assessments to Member States in 2006, the Board (IDB.29/Dec.4) approved the temporary withdrawal of €176,256 for security expenditure from the Working Capital Fund in biennium 2004-2005 (decision IDB.29/Dec.4). Following the assessments in 2006, the Working Capital Fund was replenished during the current biennium. Due to the specific purpose and duration of the special account, it is classified under other Headquarters funds in the financial statements.

4.4 Income and expenditure and changes in fund balances

The following is an analysis of income and expenditure during the biennium for the funds reported under this heading:

	^(a) Special account for programme support costs	Computer Model for Feasibility and Analysis	Buildings Management Services	Special account for security enhancements	Total
	(in thousands of euros)				
Income	17,503.4	604.3	42,168.5		60,276.2
Expenditure	16,511.9	192.2	37,867.6	978.4	55,550.1
Excess (shortfall) of income over expenditure	991.5	412.1	4,300.9	(978.4)	4,726.1
Savings on cancellation of prior biennium obligations	379.1 ^(b)		91.8		470.9
Net excess (shortfall) of income over expenditure	1,370.6	412.1	4,392.7	(978.4)	5,197.0
Opening balance	5,160.4	494.0	15,587.1	2,408.9	23,650.4
Closing balance	6,531.0	906.1	19,979.8*	1,430.5	28,847.4

* Relates to the special account (see annex III).

^(a) Reimbursement for programme support costs is calculated as a percentage of programme resources expended. The Multilateral Fund for the Montreal Protocol, increased its annual lump sum payment to US\$ 1.7 million effective January 2006, as support cost for the implementation of its programme/projects; this amount is recorded as current year income. The Fund also pays a reduced support cost in respect of each of its projects, which, similar to most other technical cooperation activities, is calculated as a percentage of programme resources expended.

^(b) As a result of a decision by the Executive Committee of The Multilateral Fund for the Montreal Protocol, an amount of €73,435 (\$107,048) is absorbed in the special account, representing miscellaneous expenditure previously charged to The Multilateral Fund.

4.5 Currency adjustment

The €1,411,992 exchange difference results primarily from the revaluation of the United States dollar cash and term deposits held by the special account for programme support costs.

4.6 Accounts receivable – other

Accounts receivable – other is represented by:

	€ '000	
	2006-2007	2004-2005
Accrued interest	175.3	98.6
Receivable from VIC-based organizations to BMS	9,294.3	7,280.0
Accounts receivable	410.3	448.9
VAT Austria	478.7	682.3
Austrian energy tax and ELWOG ^(a)	957.4	737.6
Accrued income	981.2	982.4
Other	132.1	323.8
Subtotal	12,429.3	10,553.6
Less: Provision for doubtful receivables	(825.3)	(537.0)
Total	11,604.0	10,016.6

^(a) In the Special Account for Buildings Management Services, accounts receivable includes an amount representing a claim for reimbursement from the Austrian authorities for stranded costs, Renewable Energy Surcharge and KWK-Zuschlag. A full provision has been made for the outstanding amount.

4.7 Operating reserve

An operating reserve, established in respect of the special account for programme support costs in accordance with PBC conclusion 1989/4 at \$5,504,190 was reduced to \$4,300,000 (€4,828,900) in accordance with Board decision IDB.14/Dec.12. By decision IDB.30/Dec.2, the Board reduced the level of the operating reserve for the biennium 2006-2007 to €3,030,000. The purpose of the reserve is primarily to protect against unforeseen shortfalls in delivery and support cost income, for inflation and currency adjustments and to liquidate legal obligations in the case of abrupt termination of operation budget activities.

	€ '000	
	2006-2007	2004-2005
Opening balance	5,160.4	3,133.1
Surplus/(deficit) for the period	1,370.6	2,027.3
Closing balance	6,531.0	5,160.4

4.8 Contributions in kind

Contributions in kind estimated at €39,672 were received from Member States in support of UNIDO projects.

Note 5: Technical cooperation

5.1 Technical cooperation activities

Technical cooperation activities reported under this heading comprise activities executed by UNIDO with funds provided through the Industrial Development Fund, trust funds, Multilateral Fund for the Montreal

Protocol, Global Environment Facility and inter-organization arrangements with UNDP and UNEP. These activities are governed by various bilateral and multilateral agreements signed between donor(s) and UNIDO.

5.2 Presentation of technical cooperation activities

A majority of voluntary contributions are received in United States dollars for projects programmable almost exclusively in that currency. From the biennium 2004-2005, euro-based management of technical cooperation programmes enabled projects to be programmed in euros. Consequently, segregated accounting and reporting for US dollar-based and euro-based technical cooperation projects was introduced. Accordingly, financial statements in Annex I, Tables 1 and 2 are provided in both US dollars and euros for dollar-based projects and in euro only for euro-based projects. Therefore, from the biennium 2004-2005, financial statements for euro-based projects are no longer included in the US dollar tables.

However, in order to present consolidated financial statements (Statements I and II) of UNIDO for the fiscal period ending 31 December 2007, all technical cooperation activities require translation to euros. The combined statements, Tables 1 and 2 presented in euros in Annex I, are prepared on the basis described in Note 2.9.

5.3 Currency exchange adjustment

(a) In Annex I, Table 1-US dollar statements represent project funds where contributions are received and programmed almost exclusively in US dollars. All exchange gains or losses arising from transactions and revaluation of non-US dollar assets and liabilities are recorded as currency exchange adjustment under other income.

(b) In Annex I, Table 1-euro statements represent the euro-based projects for which funds are received and programmed almost exclusively in euros. All exchange gains or losses arising from transactions and revaluation of non-euro assets and liabilities are recorded as currency exchange adjustment under other income.

(c) Where applicable, the resulting exchange gains or losses are transferred to the respective donor accounts.

5.4 Transfers to reserves

This represents the charge to projects in respect of the provision for compensation payments under Appendix D to the staff rules. The period end reserve comprises of the following:

	€ '000				Total	
	Industrial Development Fund (IDF)	Montreal Protocol (MP)	Global Environment Facility (GEF)	Trust funds (TF)	2006-2007	2004-2005
	Opening balance	1,219.8	17.6	19.3	1,060.5	2,317.2
Transfers during the period	95.7	7.5	7.7	112.5	223.4	332.3
Revaluation adjustment	(222.2)	(3.9)	(4.2)	(195.8)	(426.1)	-
Closing balance	1,093.3	21.2	22.8	977.2	2,114.5	2,317.2

5.5 Currency translation

Currency translations represent exchange differences from the conversion of assets and liabilities of US dollar-based technical cooperation projects to euro at the closing rate for consolidation purposes only (Note 2.9 refers). The cumulative balance of currency translation as at 31 December 2007 is represented by:

	€ '000						
	IDF	MP	GEF	TF	IOA*	Total	
						2006-2007	2004-2005
Opening balance	(16,214.1)	(10,959.4)	(3,103.4)	(10,142.7)	61.1	(40,358.5)	(47,418.1)
Adjustment to restate prior period	-	-	-	-	-	-	1,978.9
Adjusted balance	-	-	-	-	-	-	(45,439.2)
Adjustments during the period	(5,524.9)	(7,181.1)	(210.2)	(8,861.6)	(313.1)	(22,090.9) ^(a)	5,080.7
Closing balance	(21,739.0)	(18,140.5)	(3,313.6)	(19,004.3)	(252.0)	(62,449.4)	(40,358.5)

* Inter-organization arrangements

^(a) In addition, revaluation adjustment of €426,018 in Note 5.4 and €87,450 on operating reserve disclosed in Note 5.12 represent the total currency translation reported in Statement I.

5.6 Other adjustments to reserves and fund balances

€107,166 reflected in other adjustments to reserves and fund balances represents prior year's interest distributable to UNEP on funds provided for Global Environment Facility projects.

5.7 Promissory notes from the Multilateral Fund for the Montreal Protocol

Promissory notes in favour of UNIDO held by the Multilateral Fund for the implementation of the Montreal Protocol to the value of \$18,779,814 (€15,868,943) as at 31 December 2005 were encashed during the biennium.

5.8 Accounts Receivable-other

Other accounts receivable comprise of:

	€ '000						
	IDF	MP	GEF	TF	IOA	Total	
						2006-2007	2004-2005
Travel advances	74.1	56.5	15.3	104.6	34.1	284.6	143.4
Accrued interest	319.6	216.8	30.5	675.9	36.1	1,278.9	1,023.1
VAT	5.2	0.4	0.3	7.0	3.3	16.2	28.5
Other	52.4			41.2	119.4	213.0	497.5
Total	451.3	273.7	46.1	828.7	192.9	1,792.7	1,692.5

5.9 Other assets

Other assets include:

	€ '000						
	IDF	MP	GEF	TF	IOA	Total	
						2006-2007	2004-2005
Advances against future years obligations	5.2	4.4		102.5		112.1	141.8
Deferred expenditure				1,710.2	100.0	1,810.2	980.8
Other	0.6			4.8	2,048.3(a)	2,053.7	6,137.9
Total	5.8	4.4		1,817.5	2,148.3	3,976.0	7,260.5

(a) Includes the unprocessed field inter-office vouchers (IOVs) as of 31 December 2007 amounting to \$2,897,205 (€1,987,483). The unprocessed IOV balance at year-end comprises an amount of \$236,488 (€162,231) rejected due to insufficient information and \$911,648 (€625,390) held in suspense. With the exception of an immaterial amount of straight expenditures, related to service charges, communications costs and terminated obligations, all disbursements made by UNDP on behalf of UNIDO are covered by obligations.

5.10 Payments or contributions received in advance

The amount of \$4,436,365 (€3,043,344) reflects the funds held in clearing accounts for UNDP activities as illustrated in Annex II.

5.11 Accounts Payable-other

As at 31 December 2007, the amounts represented in accounts payable – other were as follows:

	€ '000						
	IDF	MP	GEF	TF	IOA	Total	
						2006-2007	2004-2005
Interest on donor funds ^(a)	5,793.9		725.3	9,052.5	360.0	15,931.7	9,079.2
Exchange gains ^(b)				2,191.5		2,191.5	2,699.5
Accruals for end-of-service payments	254.6	0.6		878.8	16.1	1,150.1	1,278.6
Prior years' obligations ^(c)	942.8	4,562.6	1,492.7	1,771.2	756.5	9,525.8	9,505.6
Other	24.3	1.0	45.5	227.6	387.2	685.6	659.0
Total	7,015.6	4,564.2	2,263.5	14,121.6	1,519.8	29,484.7	23,221.9

(a) The treatment of the interest income earned from the investment of funds, net of bank charges, exchange gains and losses is governed by agreements with donors. This may include the return of such funds to donors, or their transfer to other projects, in which case they will be shown as voluntary contributions.

(b) The amount of €2,191,532 (\$3,194,653) as at 31 December 2007 represents the remaining balance of realized gains arising from the revaluation of euro denominated cash and term deposits held by trust funds, prior to the introduction of euro management of technical cooperation projects in the biennium 2004-2005. The balance remains undistributed pending a decision on its utilization.

(c) Prior years' obligations represent unliquidated obligations from periods prior to 2007 as these obligations may be retained beyond twelve months, when a firm liability to pay still exists and/or until the completion of activities under relevant projects (refer to Note 2.28).

5.12 Operating reserves

The Industrial Development Board, in decision IDB.2/Dec.7, authorized the freezing of the operational reserve of the Industrial Development Fund at \$550,000 (€377,300 at the United Nations rate of exchange as at 31 December 2007). The purpose of the reserve is to ensure the financial liquidity of the Fund and to compensate for uneven cash flows.

5.13 Surplus

The amount of €5,319,853 represents the accumulated surplus under the general-purpose segment of the Industrial Development Fund. This comprise of, \$2,399,655 (€3,355,981) on US dollar contributions and €1,963,872 on euro contributions to the Fund.

5.14 Cash and term deposits

The equivalent of \$1,446,075 (€992,008) is held in currencies classified as non-convertible, as follows:

	<u>US\$ 000 's</u>	<u>€000 's</u>
Industrial Development Fund	547.9	375.8
Trust funds	<u>898.2</u>	<u>616.2</u>
	<u>1,446.1</u>	<u>992.0</u>

5.15 Commitments

Commitments, representing legal obligations for which disbursements will be made in future years, were entered into prior to 31 December 2007, as listed below:

	<u>US\$ 000 's</u>	<u>€000 's</u>
Industrial Development Fund	2,938.8	2,061.6
Montreal Protocol	1,799.2	1,310.4
Global Environment Facility	8,841.7	6,141.7
Trust funds	4,701.8	3,244.8
Regular Programme of Technical Cooperation	335.1	228.7
Inter-organization arrangements	<u>423.3</u>	<u>294.5</u>
	<u>19,039.9</u>	<u>13,281.7</u>

5.16 Contributions in kind

Contributions in kind estimated at \$662,724 (€521,518) were received from Member States in support of UNIDO projects and \$12,556 (€10,000) in support of project travel.

5.17 Ex gratia payments

No ex gratia payments were made during the biennium.

5.18 Non-expendable equipment

UNIDO maintains inventory records of property related to technical cooperation activities until its transfer to the project counterpart at the completion of the project. According to the cumulative inventory records, the historical value of such non-expendable property totalled €48.8 million as at 31 December 2007. The minimum value for recognition of non-expendable property is €1,700 per item. In addition, a separate inventory is maintained for special items with a unit value of €600 or more and amounted to €2.8 million at 31 December 2007.

During the biennium, non-expendable equipment to the value of €5,520 was reported as stolen and written off in the inventory records.

Annex I

Notes to the financial statements – Annex I

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO
Table 1. Combined statement of income and expenditure and changes in reserves
and fund balances for the biennium 2006-2007
(in thousands of euros)

	Regular Programme	Industrial Development Fund	Montreal Protocol	GEF	Trust Fund	Inter- organization arrangements	Subtotal Extrabudgetary Funds	Total
INCOME								
Voluntary contributions		36,374.7	33,277.1	6,281.7	91,313.3	5,915.6	173,162.4	173,162.4
<u>Other income</u>								
- Funds received under inter-organization arrangements						13,076.4	13,076.4	13,076.4
- Allocations from other funds	6,831.2							6,831.2
- Interest income		343.0	4,977.9				5,320.9	5,320.9
- Currency exchange adjustments	80.8	124.0			150.7		274.7	355.5
- Miscellaneous	(4.2)	(2.2)	46.3				44.1	39.9
TOTAL INCOME	6,907.8	36,839.5	38,301.3	6,281.7	91,464.0	18,992.0	191,878.5	198,786.3
EXPENDITURE								
Salaries and common staff costs	4,388.3	19,141.0	3,134.3	1,481.1	28,329.0	5,507.6	57,593.0	61,981.3
Contractual services	567.4	2,724.4	25,226.7	2,812.4	11,075.2	7,964.0	49,802.7	50,370.1
Operational expenses	371.6	1,393.6	959.4	78.8	2,737.8	707.5	5,877.1	6,248.7
Acquisitions	573.0	4,940.8	21,973.8	77.6	12,983.1	1,137.4	41,112.7	41,685.7
Fellowships	1,007.5	2,174.1	1,126.9	324.9	6,497.4	2,147.2	12,270.5	13,278.0
Programme support costs		3,601.8	6,834.9	534.7	5,916.1	1,110.5	17,998.0	17,998.0
TOTAL EXPENDITURE	6,907.8	33,975.7	59,256.0	5,309.5	67,538.6	18,574.2	184,654.0	191,561.8
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE		2,863.8	(20,954.7)	972.2	23,925.4	417.8	7,224.5	7,224.5
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		2,863.8	(20,954.7)	972.2	23,925.4	417.8	7,224.5	7,224.5
Transfers to reserves		95.7	7.5	7.7	112.5		223.4	223.4
Transfers from reserves								
Transfers to donor accounts		(124.0)			(150.7)		(274.7)	(274.7)
Transfers to/from other funds								
Currency translation		(5,834.6)	(7,185.0)	(214.4)	(9,057.3)	(313.1)	(22,604.4)	(22,604.4)
Other adjustments to reserves and fund balances						(107.2)	(107.2)	(107.2)
Reserves and fund balances, beginning of year		50,388.8	59,571.2	1,901.3	60,981.8	1,621.4	174,464.5	174,464.5
RESERVES AND FUND BALANCES, END OF YEAR		47,389.7	31,439.0	2,666.8	75,811.7	1,618.9	158,926.1	158,926.1

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO – in US dollars
Table 1. Statement of income and expenditure and changes in reserves
and fund balances for the biennium 2006-2007
(in thousands of US dollars)

	Industrial Development Fund	Montreal Protocol	GEF	Trust Fund	Inter- organization arrangements	Total
INCOME						
Voluntary contributions	23,342.7	45,204.2	8,845.3	66,560.4	7,775.2	151,727.8
<u>Other income</u>						
- Funds received under inter-organization arrangements					17,280.3	17,280.3
- Allocations from other funds						
- Interest income	292.3	6,620.1				6,912.4
- Currency exchange adjustments	619.4	(60.3)	14.8	475.5	(11.8)	1,037.6
- Miscellaneous	0.1	67.4				67.5
TOTAL INCOME	24,254.5	51,831.4	8,860.1	67,035.9	25,043.7	177,025.6
EXPENDITURE						
Salaries and common staff costs	10,436.4	4,137.5	1,938.4	20,027.1	7,244.1	43,783.5
Contractual services	1,583.5	32,066.3	3,908.3	9,573.0	10,435.9	57,567.0
Operational expenses	818.0	1,307.0	107.1	2,451.2	935.1	5,618.4
Acquisitions	4,068.9	28,814.9	107.3	10,087.6	1,570.5	44,649.2
Fellowships	1,343.0	1,486.9	434.7	4,662.3	2,826.5	10,753.4
Programme support costs	2,222.9	8,698.0	737.5	4,830.4	1,469.2	17,958.0
TOTAL EXPENDITURE	20,472.7	76,510.6	7,233.3	51,631.6	24,481.3	180,329.5
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	3,781.8	(24,679.2)	1,626.8	15,404.3	562.4	(3,303.9)
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	3,781.8	(24,679.2)	1,626.8	15,404.3	562.4	(3,303.9)
Transfers to reserves	51.0	10.1	10.3	57.5		128.9
Transfers from reserves						
Transfers to donor accounts	(619.4)			(475.5)	11.8	(1,083.1)
Transfers to/from other funds						
Other adjustments to reserves and fund balances					(133.2)	(133.2)
Reserves and fund balances, beginning of year	32,510.4	70,498.5	2,250.3	49,375.2	1,918.8	156,553.2
RESERVES AND FUND BALANCES, END OF YEAR	35,723.8	45,829.4	3,887.4	64,361.5	2,359.8	152,161.9

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO – in euros
Table 1. Statement of income and expenditure and changes in reserves
and fund balances for the biennium 2006-2007
(in thousands of euros)

	Regular Programme	Industrial Development Fund	Trust Fund	<i>Subtotal Extrabudgetary funds</i>	Total
INCOME					
Voluntary contributions		18,312.5	40,730.2	59,042.7	59,042.7
<u>Other income</u>					
- Allocations from other funds	6,831.2				6,831.2
- Interest income		130.0		130.0	130.0
- Currency exchange adjustments	80.8	124.0	150.7	274.7	355.5
- Miscellaneous	(4.2)	(2.3)		(2.3)	(6.5)
TOTAL INCOME	6,907.8	18,564.2	40,880.9	59,445.1	66,352.9
EXPENDITURE					
Salaries and common staff costs	4,388.3	11,240.3	13,121.0	24,361.3	28,749.6
Contractual services	567.4	1,518.7	3,804.7	5,323.4	5,890.8
Operational expenses	371.6	783.3	893.9	1,677.2	2,048.8
Acquisitions	573.0	1,892.6	5,307.3	7,199.9	7,772.9
Fellowships	1,007.5	1,171.9	3,006.3	4,178.2	5,185.7
Programme support costs		1,925.7	2,266.5	4,192.2	4,192.2
TOTAL EXPENDITURE	6,907.8	18,532.5	28,399.7	46,932.2	53,840.0
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE		31.7	12,481.2	12,512.9	12,512.9
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		31.7	12,481.2	12,512.9	12,512.9
Transfers to reserves		57.9	69.4	127.3	127.3
Transfers to donor accounts		(124.0)	(150.7)	(274.7)	(274.7)
Other adjustments to reserves and fund balances					
Reserves and fund balances, beginning of year		22,917.6	19,259.8	42,177.4	42,177.4
RESERVES AND FUND BALANCES, END OF YEAR		22,883.2	31,659.7	54,542.9	54,542.9

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO
Table 2. Combined statement of assets, liabilities, and reserves and fund balances
as at 31 December 2007
(in thousands of euros)

	Industrial Development Fund	Montreal Protocol	GEF	Trust Fund	Inter- organization arrangements	Total
ASSETS						
Cash and term deposits	56,619.3	46,621.4	6,550.7	96,207.5	5,368.1	211,367.0
Accounts receivable						
Voluntary contributions receivable						0.0
Other contributions receivable					5,913.5	5,913.5
Interfund balances	182.8	2,140.9	442.0	890.2		3,655.9
Other	451.3	273.7	46.1	828.7	192.9	1,792.7
Other assets	5.8	4.4		1,817.5	2,148.3	3,976.0
TOTAL ASSETS	57,259.2	49,040.4	7,038.8	99,743.9	13,622.8	226,705.1
LIABILITIES						
Payments or contributions received in advance					3,043.3	3,043.3
Unliquidated obligations	2,853.9	13,037.2	2,108.5	9,810.6	5,402.0	33,212.2
Accounts payable						
Interfund balances					2,038.8	2,038.8
Other	7,015.6	4,564.2	2,263.5	14,121.6	1,519.8	29,484.7
TOTAL LIABILITIES	9,869.5	17,601.4	4,372.0	23,932.2	12,003.9	67,779.0
RESERVES AND FUND BALANCES						
Operating reserves	377.3					377.3
Other reserves	1,093.3	21.2	22.8	977.2		2,114.5
Balances relating to projects funded by donors	62,338.3	49,558.3	5,957.6	93,838.8	1,870.9	213,563.9
Balance on currency translation	(21,739.0)	(18,140.5)	(3,313.6)	(19,004.3)	(252.0)	(62,449.4)
Surplus (deficit)	5,319.8					5,319.8
TOTAL RESERVES AND FUND BALANCES	47,389.7	31,439.0	2,666.8	75,811.7	1,618.9	158,926.1
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	57,259.2	49,040.4	7,038.8	99,743.9	13,622.8	226,705.1

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO – in US dollars
Table 2. Statement of assets, liabilities, and reserves and fund balances
as at 31 December 2007
(in thousands of US dollars)

	Industrial Development Fund	Montreal Protocol	GEF	Trust Fund	Inter- organization arrangements	Total
ASSETS						
Cash and term deposits	55,253.5	67,961.2	9,549.1	83,113.0	7,825.3	223,702.1
Accounts receivable						
Other contributions receivable					8,620.3	8,620.3
Interfund balances		3,120.8	644.3	2,138.8		5,903.9
Other	367.4	398.9	67.3	774.9	281.1	1,889.6
Other assets	7.6	6.4		2,127.9	3,131.7	5,273.6
TOTAL ASSETS	55,628.5	71,487.3	10,260.7	88,154.6	19,858.4	245,389.5
LIABILITIES						
Payments or contributions received in advance					4,436.3	4,436.3
Unliquidated obligations	2,264.5	19,004.6	3,073.7	7,576.2	7,874.7	39,793.7
Accounts payable						
Interfund balances	9,791.7				2,972.1	12,763.8
Other	7,848.5	6,653.3	3,299.6	16,216.9	2,215.5	36,233.8
TOTAL LIABILITIES	19,904.7	25,657.9	6,373.3	23,793.1	17,498.6	93,227.6
RESERVES AND FUND BALANCES						
Operating reserves	550.0					550.0
Other reserves	1,430.8	30.9	33.2	1,266.2		2,761.1
Balances relating to projects funded by donors	31,343.4	45,798.5	3,854.2	63,095.3	2,359.8	146,451.2
Surplus (deficit)	2,399.6					2,399.6
TOTAL RESERVES AND FUND BALANCES	35,723.8	45,829.4	3,887.4	64,361.5	2,359.8	152,161.9
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	55,628.5	71,487.3	10,260.7	88,154.6	19,858.4	245,389.5

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO – in euros
Table 2. Statement of assets, liabilities, and reserves and fund balances
as at 31 December 2007
(in thousands of euros)

	Industrial Development Fund	Trust Fund	Total
ASSETS			
Cash and term deposits	18,715.4	39,192.0	57,907.4
Accounts receivable			
Interfund balances	6,900.0		6,900.0
Other	199.2	297.1	496.3
Other assets	0.6	357.8	358.4
TOTAL ASSETS	25,815.2	39,846.9	65,662.1
LIABILITIES			
Unliquidated obligations	1,300.4	4,613.3	5,913.7
Accounts payable			
Interfund balances		577.0	577.0
Other	1,631.6	2,996.9	4,628.5
TOTAL LIABILITIES	2,932.0	8,187.2	11,119.2
RESERVES AND FUND BALANCES			
Other reserves	111.8	108.6	220.4
Balances relating to projects funded by donors	20,807.5	31,551.1	52,358.6
Surplus (deficit)	1,963.9		1,963.9
TOTAL RESERVES AND FUND BALANCES	22,883.2	31,659.7	54,542.9
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	25,815.2	39,846.9	65,662.1

Table 3. Summary of transactions on sub-accounts of the Industrial Development Fund for the biennium 2006-2007 as at 31 December 2007 – US dollar-based
(in US dollars)

	Fund balance at 01/01/2006	Cash received 2006-2007	Expenditures 2006-2007	Misc. income incl. General Pool interest	Fund Balance as at 31/12/2007
General purpose convertible	1,911,139	245,945	49,384	291,954	2,399,655
Argentina	20,170	2,115	-	-	22,285
Australia	55,764	4,794	32,237	-	28,321
Austria	782,803	(17,760)	199,293	(2,984)	562,767
Austria - Integrated Programme	135,424	15,110	(12,102)	-	162,636
Austria Cleaner Production	(8,400)	53,883	45,133	(133)	217
Bahrain	466,778	1,268,628	1,214,531	-	520,874
Belgium	90,877	7,792	(9,749)	(789)	107,629
Brazil	29,696	-	-	-	29,696
Brazil - Pernambuco State Government	27,287	-	(1,650)	-	28,937
China	2,629,087	1,229,248	331,993	-	3,526,341
Côte d'Ivoire	(108,618)	-	-	-	(108,618)
Czech Republic	187,386	387,856	237,404	-	337,837
Denmark	2,398,440	189,077	831,945	(5,094)	1,750,478
Democratic People's Republic of Korea	(0)	-	-	-	(0)
Dutch Embassy in China-US/CPR/96/108	68,871	(75,965)	(4,856)	654	(1,585)
Egypt	(101,718)	-	-	-	(101,718)
Finland	177,000	12,158	85,648	-	103,510
France	14,298	6,021	(4,235)	-	24,554
Germany	219,903	-	(638)	-	220,541
Germany - Deutsche Gesellschaft für Technische Zusammenarbeit	(18)	18	-	-	-
Greece	6,504	(5,523)	-	(784)	197
Guatemala	123,436	33,417	(20,632)	-	177,485
Hungary	305,988	171,812	203,238	713	275,275
India	5,555,948	2,925,085	1,398,958	75	7,082,151
Indonesia	14,424	10,492	14,303	-	10,613
Ireland	34,913	2,456	-	-	37,369
Italy	631,976	-	292,426	(3,822)	335,728
Japan	392,537	2,906,195	2,965,755	-	332,977
Japan Overseas Development Corporation, Bangkok	424	-	-	-	424
Kuwait	110,470	5,210	18,396	-	97,284
Luxembourg	27,800	2,191	(3,141)	-	33,132
Mexico	400,525	960,000	356,360	-	1,004,166
Myanmar	577	-	-	-	577
Netherlands	828,524	-	-	-	828,524

	Fund balance at 01/01/2006	Cash received 2006-2007	Expenditures 2006-2007	Misc. income incl. General Pool interest	Fund Balance as at 31/12/2007
New Zealand	34,510	3,619	-	-	38,130
Norway	156,049	-	-	-	156,049
Norway - Integrated Programme (Africa)	65,625	5,278	(2,671)	-	73,574
Poland	(8,029)	498,338	450,281	-	40,028
Portugal	1,521,625	207,621	209,795	-	1,519,451
Republic of Korea	610,764	1,510,621	736,701	(2,092)	1,382,591
Romania	13,434	-	-	-	13,434
Russian Federation	53,016	-	43,330	-	9,686
Rwanda	12	(12)	-	-	-
Saudi Arabia	1,312,444	(40,759)	-	-	1,271,685
Saudi Arabian General Investment Authority	306,489	-	-	-	306,489
Slovakia	349,622	21,354	133,220	-	237,756
Slovenia	20,374	(833)	19,541	(11)	(11)
Spain	984	-	(3,894)	(173)	4,705
Sweden	4,465	-	12	-	4,453
Switzerland / SECO	7,516,397	9,824,249	10,094,385	(1,359)	7,244,902
Thailand	2,290	13,420	-	-	15,710
Turkey	65,980	876,440	216,698	-	725,721
United Kingdom - Integrated Programme	682,511	53,025	330,734	(2,250)	402,551
Undefined	1,704	1	-	331	2,036
Total special-purpose convertible	28,229,337	23,066,675	20,398,749	(17,717)	30,879,545
Bulgaria	28	-	-	-	28
China	41,470	27,061	24,575	-	43,956
Cuba	412,148	21,000	-	-	433,148
Egypt	(45,546)	-	-	-	(45,546)
Egypt Iron And Steel Co.	31,942	-	-	-	31,942
India	(209)	209	-	-	-
Undefined	293	-	-	-	293
Total special-purpose non-convertible	440,126	48,270	24,575	-	463,821
GRAND TOTAL	30,580,602	23,360,890	20,472,708	274,237	33,743,021

**Table 3. Summary of transactions on sub-accounts of the Industrial Development Fund
for the biennium 2006-2007 as at 31 December 2007 – Euro-based
(in euros)**

	Fund balance at 01/01/2006	Cash received 2006-2007	Expenditures 2006-2007	Misc. income incl. General Pool interest	Fund Balance as at 31/12/2007
General purpose convertible	1,514,373	321,832	-	127,668	1,963,872
Austria Cleaner Production Euro	1,976,313	2,101,510	1,415,814	-	2,662,009
Austrian Development Agency	1,401,003	1,147,979	1,728,144	-	820,838
Austria	2,356,087	689,506	1,403,947	(11)	1,641,636
Austrian Ministry of Agriculture, Forestry, Environment and Water Management	20,878	209,245	104,465	-	125,658
Agence Wallonne à l'Exportation	388,977	11,203	204,271	-	195,909
France	234,534	1,209,498	1,275,191	-	168,841
France (Ministry of Agriculture)	351,040	27,807	115,601	-	263,245
Greece	248,395	890,497	906,493	-	232,399
Hungary	4,267	43,410	27,784	-	19,893
Italy	12,185,655	7,673,715	9,058,769	(615)	10,799,986
Luxembourg	10,007	1,616	(458)	-	12,082
Namibia	-	348	-	-	348
Poland	-	100,000	-	-	100,000
Portugal	-	45,022	-	-	45,022
Slovenia	936,319	1,291,242	860,418	-	1,367,143
Spain	431,481	114,607	426,874	-	119,213
Switzerland	129,923	2,387,641	688,952	-	1,828,611
Unencumbered balances - Integrated programmes and country service framework activities	371,451	25,665	167,744	-	229,371
Unencumbered balances - Millennium Development Goals	144,665	7,953	128,175	-	24,444
Unencumbered balances - Post-crisis situation	158,327	12,855	20,271	(3)	150,909
Total special-purpose convertible	21,349,322	17,991,320	18,532,454	(629)	20,807,559
GRAND TOTAL	22,863,695	18,313,152	18,532,454	127,039	22,771,431

Table 4. Summary of technical cooperation activities financed by trust funds for the biennium 2006-2007 as at 31 December 2007 – Dollar-based
(in US dollars)

Description	Fund Balance as at 01/01/2006	Contributions 2006-2007	Expenditures 2006-2007	Fund Balance as at 12/31/2007
<u>Projects financed by recipient Governments</u>				
Algeria	23,647	-	(2,382)	26,029
Argentina	361,894	-	-	361,894
Bolivia	12,460	-	-	12,460
Brazil	530,657	(14,787)	380,848	135,022
Bulgaria	7,104	-	-	7,104
Belarus	26,204	-	-	26,204
Chad	-	187,580	141,861	45,719
Chile	6,824	-	-	6,824
Colombia	142,212	132,619	175,719	99,112
China	726,110	1,326,754	965,390	1,087,474
Ecuador	37,795	39,968	59,821	17,942
Egypt	499,463	609,575	1,047,795	61,243
Social Fund For Development, Egypt	103,807	-	23,710	80,097
Ethiopia	-	210,260	114,583	95,677
Gabon	3,604	-	-	3,604
Honduras	2,958	-	-	2,958
India	2,516,047	118,157	1,206,884	1,427,320
Indonesia	-	151,204	60,660	90,544
Iran (Islamic Republic of)	841,188	238,701	926,463	153,426
Iran-Organization for investment, Economic and Technical Assistance of Iran	52,112	-	-	52,112
Iraq	27,625	-	8,069	19,556
Côte d'Ivoire	9,358	-	-	9,358
Kenya	7,983	-	(11)	7,994
Lebanon	151,324	-	7,191	144,133
Libyan Arab Jamahiriya-Benghazi Development Centre	8,093	-	-	8,093
Libyan Arab Jamahiriya-General Pipe Company Benghazi	2,700	-	-	2,700
Libyan Arab Jamahiriya-Industrial Research Centre of Libya	10,049	-	-	10,049
Libyan Arab Jamahiriya-Secretariat of Strategic Industry	53,081	-	-	53,081
Lithuania	3,883	-	(45)	3,928

Description	Fund Balance as at 01/01/2006	Contributions 2006-2007	Expenditures 2006-2007	Fund Balance as at 12/31/2007
Madagascar	95,671	-	-	95,671
Mauritius	26,938	(26,938)	-	-
Mexico	27,380	458,680	-	486,060
Nigeria	1,830,875	601,618	953,500	1,478,993
Oman	11,311	-	-	11,311
Pakistan	28,604	70,000	20,883	77,721
Panama	10,057	-	-	10,057
Paraguay	17,780	-	-	17,780
Russian Federation	224,905	484,125	489,018	220,012
Russian Federation - The Foundation NEM and CPCOGI	1,786	-	-	1,786
Rwanda	-	1,350,000	1,264,578	85,422
Saudi Arabia	1,413,919	-	1,381,048	32,871
Saudi Arabian General Investment Authority	52,179	-	-	52,179
Saudi German Hospitals Group	16,498	-	(42,748)	59,246
Sudan	329	-	-	329
Thailand	16,174	-	-	16,174
Turkey	9,408,936	11,839,125	4,097,024	17,151,037
United Republic of Tanzania	0	-	-	0
Yemen	-	44,606	13,652	30,954
Subtotal	19,351,524	17,821,247	13,293,511	23,879,260
<u>Associate Experts & JPOs</u>				
Austria	45,488	-	41,287	4,201
Belgium	24,762	-	(13,974)	38,736
Democratic People's Republic of Korea	36,515	124,714	157,397	3,832
Denmark	215,314	-	(24,452)	239,766
France	23,456	-	-	23,456
Germany	137,241	535,313	438,328	234,226
Italy	380,377	314,401	420,089	274,689
Japan	195,506	427,975	302,924	320,557
Netherlands	177,007	24,850	180,644	21,213
Norway	118,822	277,268	135,313	260,777
Republic of Korea	(3,516)	3,516	-	-
Russia Federation	235	-	-	235
Saudi Arabia	-	134,229	75,408	58,821
Spain	25,026	-	-	25,026
Sweden	-	139,734	-	139,734

Description	Fund Balance as at 01/01/2006	Contributions 2006-2007	Expenditures 2006-2007	Fund Balance as at 12/31/2007
Switzerland	70,903	-	(21,923)	92,826
Subtotal	1,447,136	1,982,000	1,691,041	1,738,095
<u>JPOs Travel</u>				
Austria	-	192,795	107,032	85,763
Denmark	32,193	-	-	32,193
Italy	47,946	-	33,941	14,005
Netherlands	27,506	(25,000)	-	2,506
Russian Federation	-	186,435	134,400	52,035
Subtotal	107,645	354,230	275,373	186,502
<u>Projects financed by donor Governments</u>				
Australia	23,274	-	-	23,274
Austria	94,793	-	53,344	41,449
Belgium	81,402	-	56,354	25,048
Canada	41,757	(3,848)	38,725	(816)
Czech Republic	9,703	(9,729)	(14)	(12)
Denmark	43,669	(36,638)	2,816	4,215
Finland	92,633	-	32,388	60,245
France	441,424	(254,451)	125,132	61,841
Trust Fund Trade	264,086	59,620	282,738	40,968
Greece	23,524	-	-	23,524
Ireland	-	15,000	13,520	1,480
Italy	2,876,324	2,489,940	3,677,121	1,689,143
Japan	1,491,187	4,468,010	3,530,439	2,428,758
Norway	1,277,009	4,918,218	3,698,382	2,496,845
Africa Region Productive Capacity Facility	250,000	20,967	-	270,967
Republic of Korea	27,686	(5,290)	(3,064)	25,460
Republic of Korea-Korean Research Institute of Standards and Science	133,002	-	-	133,002
Spain	710,662	655,841	1,105,658	260,845
Sweden	167,392	-	165,066	2,326
United Kingdom	877,925	2,135,019	1,958,623	1,054,321
United States of America	373,232	-	-	373,232
Subtotal	9,300,684	14,452,659	14,737,228	9,016,115

Description	Fund Balance as at 01/01/2006	Contributions 2006-2007	Expenditures 2006-2007	Fund Balance as at 12/31/2007
<u>Other Trust Funds</u>				
Centro De Investigaciones Textiles, Argentina	60,561	17,242	61,485	16,318
Premag Handelsges.M.B.H, Austria	2,595	-	-	2,595
Austria Rural Energy	1,016,745	143,372	534,512	625,605
Kuwait Finance House in Bahrain, Bahrain	40,979	-	18,939	22,040
Institute for Scientific and Technological Development (IDCT), Brazil	4,075	-	-	4,075
Servicio Nacional de Aprendizagem Industry, Brazil	38,327	-	-	38,327
SMC/Pontifical Catholic University of Minas Gerais, Brazil	-	24,300	16,767	7,533
Jiangsu Baixue Electric Appliances Co., China	407	-	-	407
Instituto de Investigación de Recursos Biológicos, Columbia	-	75,188	75,206	(18)
Beni-Suef Cement Company, Egypt	33,822	-	-	33,822
Engineering for the Petroleum and Process Industry (ENPPI), Egypt	8,179	-	-	8,179
INFOCON Gesellschaft für Wirtschaftsinformation und Beratung mbH, Germany	-	198,415	-	198,415
Oil and Natural Gas Corporation Ltd, India	30,411	-	383	30,028
Glucosan Factories, Iran (Islamic Republic of)	(172)	-	-	(172)
Iranian Fuel Conservation Organization (IFCO), Iran (Islamic Republic of)	86,635	92,635	143,814	35,456
MAGFA Information Technology Development Centre, Iran (Islamic Republic of)	10,777	(10,780)	(3)	(0)
Shahid Modarres Industrial Pharmaceutical Complex, Iran (Islamic Republic of)	53,878	-	-	53,878
Sezione Speciale per Lássicurazione del Credito, Italy	36,448	-	-	36,448
Chugoku Electric Power Co. Inc, Japan	54,821	(54,821)	-	-
New Energy and Industrial Technology Development Organization, Japan	1,324	16	(66)	1,404
Procter and Gamble Far East Inc, Japan	475	-	-	475
Eastern and Southern African Leather Industries Association, Kenya	10,029	(10,029)	-	-
Petroliam Nasional Berhad (Petronas), Malaysia	28,179	-	-	28,179
Comité, Técnico Empresarial (CTE), Mexico	17,507	-	-	17,507
New Nigeria Development Company, Nigeria	28,325	-	-	28,325
Nigerian National Petroleum Corporation, Nigeria	502,649	-	-	502,649
Standards Organization of Nigeria (SON), Nigeria	980	-	(4,887)	5,867
Norwegian Agency for Development Cooperation (NORAD), Norway	923,433	612,527	956,765	579,195
Federal Chemical and Ceramics Corporation, Pakistan	(1,677)	-	-	(1,677)

Description	Fund Balance as at 01/01/2006	Contributions 2006-2007	Expenditures 2006-2007	Fund Balance as at 12/31/2007
Inversiones Cofide S.A., Peru	15,405	-	-	15,405
Gulf Organization for Industrial Consulting, Qatar	2,418	102,830	83,523	21,725
Islamic Development Bank, Saudi Arabia	6,228	149,725	45,321	110,632
Gulf Co-Operation Council, Saudi Arabia	11,676	-	-	11,676
Nadsme, Slovak Republic	8,181	-	-	8,181
Automotive Industry Development Centre (AIDC), South Africa	6,370	(6,370)	-	-
Ceylon Steel Corporation, Sri Lanka	5,284	-	-	5,284
Swedish International Enterprise Development Corporation (Swedcorp), Sweden	18,293	-	(88)	18,381
Staudhammer Finanz AG, Switzerland	3,357	-	-	3,357
Turkish Electronic Industry Association (TESIDE), Turkey	1,781	-	-	1,781
Unilever Research, United Kingdom	2,497	-	-	2,497
Epstein Engineering Export Ltd, USA	807	-	-	807
The Ford Foundation, USA	12,982	-	-	12,982
US Agency for International Development, USA	(399)	-	-	(399)
Zonta International Foundation, Chicago, USA	-	62,530	8,475	54,055
Yemen Corporation for Cement Industry and Marketing, Yemen	15,708	-	-	15,708
African Development Bank	-	197,223	90,963	106,260
Arab Gulf Programme for United Nations development organizations	-	120,000	7,462	112,538
Badea: Arab Bank for Economic Development in Africa	2,450	-	-	2,450
Common Fund for Commodities	(711,210)	2,873,573	2,788,415	(626,052)
Economic Cooperation Organization	-	28,453	18,063	10,390
Food and Agricultural Organization (FAO)	275	-	-	275
International Development Association	144,643	-	-	144,643
International Fund for Agricultural Development (IFAD)	59,860	-	-	59,860
International Labour Organization (ILO)	-	62,700	47,808	14,892
Multi-donor Trust Fund for Sudan	-	703,746	-	703,746
Organization of Petroleum Exporting Countries (OPEC)	-	61,611	31,703	29,908
RENAP Member Countries	84,561	175,608	179,486	80,683
Undefined	23,595	605,899	273,631	355,863
United Nations Economic and Social Commission for Western Asia	-	143,438	138,325	5,113
United Nations High Commissioner for Refugees	-	225,000	206,256	18,744
United Nations Lebanon Recovery Fund	-	3,000,000	103,052	2,896,948
UNDP Slovakia/Coca-Cola Water Partnership	-	24,973	16,950	8,023
UNDP/United Nations Agreement for Tanzania	230,535	287,215	473,861	43,889

Description	Fund Balance as at 01/01/2006	Contributions 2006-2007	Expenditures 2006-2007	Fund Balance as at 12/31/2007
UNDP/United Nations Agreement for Tunisia	15,654	(10,840)	4,814	0
UNIDO Regional Cleaner Production Programme for Latin America and the Caribbean (RCPP-LAC)	-	30,174	-	30,174
United Nations Development Group Iraq Trust Fund	10,306,766	17,568,276	9,575,132	18,299,910
United Nations Fund For International Partnership	100,283	136,175	147,455	89,003
United Nations Joint Trust Fund for Sudan	42,695	-	43,104	(409)
United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA)	268,785	-	243,371	25,414
United Nations Office for Project Services(UNOPS)	442,023	253,664	693,296	2,391
United Nations Trust Fund for Human Security	3,848,295	4,066,612	4,611,116	3,303,791
Subtotal	17,959,510	31,950,280	21,634,411	28,275,379
GRAND TOTAL	48,166,499	66,560,416	51,631,564	63,095,351

Table 4. Summary of technical cooperation activities financed by trust funds for the biennium 2006-2007 as at 31 December 2007 – Euro-based
(in euros)

Description	Fund Balance as at 01/01/2006	Contributions 2006-2007	Expenditures 2006-2007	Fund Balance as at 12/31/2007
<u>Projects financed by recipient Governments</u>				
Cameroon	0	65,982	0	65,982
Kenya	41,661	51,149	28,907	63,903
Sudan	126,661	0	50,295	76,366
Subtotal	168,322	117,131	79,202	206,251
<u>Associate Experts & JPOs</u>				
Democratic People's Republic of Korea	0	105,000	65,841	39,159
Subtotal	0	105,000	65,841	39,159
<u>JPOs Travel</u>				
Subtotal	0	0	0	0
<u>Projects financed by donor Governments</u>				
European Union	3,462,700	17,222,951	8,235,214	12,450,437
European Union Commission	41,403	560,235	203,289	398,349
Finland	1,158,278	16,950	1,032,404	142,824
France	850,751	6,137,390	3,566,969	3,421,172
Germany	0	1,100,000	494,384	605,616
Trust Fund Trade	729,086	593,748	791,341	531,493
Italy	10,691,287	11,640,827	11,247,377	11,084,737
Netherlands	178,751	498,040	592,534	84,257
Norway	0	1,332,409	259,955	1,072,454
Africa Region Productive Capacity Facility	49,976	2,735	0	52,711
Sweden	0	54,127	47,897	6,230
Subtotal	17,162,232	39,159,412	26,471,364	29,850,280
<u>Other Trust Funds</u>				
Undefined	0	130,413	130,413	0
Subtotal	0	130,413	130,413	0

Description	Fund Balance as at 01/01/2006	Contributions 2006-2007	Expenditures 2006-2007	Fund Balance as at 12/31/2007
Austria	0	149,446	104,555	44,891
Hilfswerk, Austria	0	70,000	58,646	11,354
Euro based-Industrial Modernization Centre, Egypt	1,732,481	-1,789,259	-77,173	20,395
City of Marseille, France	0	144,000	47,292	96,708
Iran (Islamic Republic of)	51,600	0	51,166	434
Central European Initiative (CEI), Italy	0	29,000	0	29,000
New Energy & Industrial Technology Development Organization, Japan	0	13,465	13,465	0
Norwegian Agency for Development Cooperation (NORAD), Norway	0	2,411,296	1,283,091	1,128,205
Spain	106,000	0	0	106,000
Renewable Energy and Energy Efficiency Partnership	0	172,017	171,895	122
United Nations Environmental Programme (UNEP)	0	18,275	0	18,275
Subtotal	1,890,081	1,218,240	1,652,937	1,455,384
GRAND TOTAL	19,220,635	40,730,196	28,399,757	31,551,074

**Table 5. Summary of technical cooperation activities for the biennium 2006-2007
financed under inter-organization agreements
(in US dollars)**

	Project expenditure	Programme support	Total expenditure
UNDP			
UNDP main programme	1,001,168	94,206	1,095,374
Project for which UNIDO is the associated agency	95,514	10,710	106,224
Government-executed projects for which UNIDO is the implementing agency	960,425	132,552	1,092,977
UNDP Trust Funds	14,098,829	886,845	14,985,674
	16,155,936	1,124,313	17,280,249
UNEP / GEF	6,856,090	344,881	7,200,971
Total	23,012,026	1,469,194	24,481,220

Annex II
Operating funds – UNDP and UNDP trust funds

Report No. 1

UNITED NATIONS DEVELOPMENT PROGRAMME
(UNIDO)

Status of Funds as at 31 December 2007
(Expressed in US dollars)

Operating Funds

Operating Fund (Pre-2004)

Reconciliation difference - UNDP/UNIDO		-1,497,789
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Service Clearing Account

Opening balance at 1 January 2007		-1,998,206
Cash drawings from UNDP	-27,500,000	
Inter-office vouchers (IOVs) 2007	26,928,781	
Inter-office vouchers (IOVs) - pre-2007	-105,509	-676,728
Closing balance as at 31 December 2007		-2,674,934

Project Clearing Account

Opening balance at 1 January 2007		10,088,855
Miscellaneous income and exchange adjustments (Report No. 8)	-50,612	
Miscellaneous items refunded to UNDP (Report No. 8)	-9,227	
Funds received directly from other agencies	-203,601	
Expenditure and support costs for lines implemented for self-executed projects (executing PDR 's)	648,729	
Expenditure and support costs for lines implemented for projects executed by other agencies and Governments (implementing PDR 's)	1,094,478	1,479,767
Closing balance as at 31 December 2007		8,609,088

Balance as at 31 December 2007

4,436,365

Represented by:

Cash at banks, on hand and in transit		3,351,880
Accounts receivable (Report No. 9)	3,230,162	6,582,042
Less: Accounts payable (Report No. 10)	1,762,189	
2007 unliquidated obligations	383,488	2,145,677

Balance as at 31 December 2007

4,436,365

Report 13

STATEMENT I
GLOBAL ENVIRONMENT FACILITY
(UNDP Administered Trust Fund)
(UNIDO)
Status of Funds at 31 December 2007
(Expressed in US dollars)

<u>Operating Fund</u>	\$	\$
Balance at 1 January 2007		-6,677,569
Add: Cash drawings from UNDP	6,677,569	
IOVs		
Other charges/credits (net)		
Miscellaneous income and		
exchange adjustments (net) (Report No. 19)	103	
Miscellaneous items charged to		
trust fund (net) (Report No. 19)		6,677,672
		103
Less: Expenditure during 2007		
For projects		
Disbursements (Report No. 16)	2,819,670	
Unliquidated obligations (Report No. 16)	4,976,971	
For AOS (Report No. 15A)	522,340	8,318,981
		-8,318,878
Add/subtract:		
Adjustments to prior years (Report No. 15B):		
Expenditure		
Support costs		
AOS		
Balance at 31 December 2007		-8,318,878
Represented by:		
Cash at banks, on hand and in transit		
Accounts receivable (Report No. 20)	408	408
Less: Accounts payable (Report No. 21)	3,342,315	
Unliquidated obligations (Report No. 16)	4,976,971	8,319,286
		-8,318,878

STATEMENT I
REPUBLIC OF KOREA FUND FOR THE TUMEN REGION
(UNIDO)
Status of Funds at 31 December 2007
(Expressed in US dollars)

Operating Fund

Balance at 1 January 2007		458
Add: Cash drawings from UNDP		
IOV's		
Other charges/credits (net)		
Miscellaneous income and		
exchange adjustments (net) (Report No. 19)	154	
Miscellaneous items refunded to		
trust fund (net) (Report No. 19)	-186	-32
		<u>426</u>
Less: Expenditure during 2007		
For projects		
Disbursements (Report No. 15A)	-17,529	
Unliquidated obligations (Report No. 16)	0	
For AOS (Report No. 15A)	-1,753	-19,282
		<u>19,708</u>
Add/subtract:		
Adjustments to prior years (Report No. 15B):	0	
Expenditure	0	
Support costs	0	
AOS	0	0
		<u>0</u>
Balance at 31 December 2007		<u><u>19,708</u></u>
Represented by:		
Cash at banks, on hand and in transit	0	
Accounts receivable (Report No. 20)	19,708	19,708
Less: Accounts payable (Report No. 21)	0	
Unliquidated obligations (Report No. 16)	0	0
		<u><u>19,708</u></u>

Annex III

SPECIAL ACCOUNT FOR BUILDINGS MANAGEMENT SERVICES

Statement of income and expenditure for the biennium 2006-2007 ended 31 December 2007

(in euros)

Income

Contributions invoiced		
IAEA	12,663,290	
UNIDO	3,708,997	
UNOV	5,141,841	
CTBTO	2,021,412	
		<u>23,535,540</u>
Reimbursement for ad hoc projects		4,054,412
Interest income		1,222,348
Miscellaneous income		76,870
Total income		<u>28,889,170</u>

Expenditure

Rental and maintenance of premises	12,344,156
Utilities	11,922,343
Supplies and materials	146,606
Capital goods	71,723
Bank charges	4,930
Other general operating expenses	29,937
Total expenditure	<u>24,519,695</u>

Excess of income over expenditure for biennium **4,369,475**

Savings on cancellation of obligations **23,361**

NET SURPLUS FOR THE BIENNIUM **4,392,836**

Statement of assets, liabilities, reserves and fund balances as at 31 December 2007**Assets**

Cash	17,350,052
Accounts receivable	
Taxation	610,832
VIC-based Organizations	9,294,324
Other	910,191
Total assets	<u>28,165,399</u>

Liabilities

Unliquidated obligations	5,979,658
Payments in advance	430,471
Accounts payable	1,775,402
Total liabilities	<u>8,185,531</u>

<u>Fund balance</u>					
Balance available 1 January 2006					15,587,032
Add: Net surplus for 2006-2007					4,392,836
Balance available 31 December 2007					19,979,868
<u>TOTAL RESERVES AND FUND BALANCE</u>					19,979,868
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>					28,165,399
<u>Analysis of fund balance:</u>	<u>IAEA</u>	<u>UNIDO</u>	<u>UNOV</u>	<u>CTBTO</u>	<u>Total</u>
2006 opening fund balance	8,051,756	2,668,846	3,475,375	1,391,055	15,587,032
Contributions	12,663,290	3,708,997	5,141,841	2,021,412	23,535,540
Interest (net of bank charges)	320,623	297,109	360,497	239,189	1,217,418
Net expenditure	-10,961,394	-3,199,360	-4,459,043	-1,740,325	-20,360,122
	10,074,275	3,475,592	4,518,670	1,911,331	19,979,868
Contributions receivable	9,294,325	-	-	-	9,294,325