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Programme and Budget Committee
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Item 5 of the provisional agenda
**Financial situation of UNIDO, including
unutilized balances of appropriations**

Financial situation of UNIDO

Report by the Director General

The present document provides information on the financial situation of the Organization as at 31 March 2020.

Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Overview	1	2
II. Regular and operational budgets, 2020–2021.	2–9	2
III. Prioritizations and efficiencies identified to offset financial impact on Member States	10–12	3
IV. Assessed contributions	13–14	4
V. Voting rights	15–16	5
VI. Multi-year payment plans	17	5
VII. Arrears by former Member States	18	5
VIII. Unutilized balances of appropriations.	19	6
IX. Action required of the Committee.	20	6
Annex		
Status of assessed contributions to the regular budget.		7

* Reissued for technical reasons on 26 May 2020.



I. Overview

1. The financial situation as at 31 March 2020 can be summarized in the following major points:

(a) The regular budget gross expenditure rate of 26.3 per cent reflects a higher level than that for the same period in the previous biennium of 24.8 per cent;

(b) The operational budget expenditure stands at 21.5 per cent compared to 22.3 per cent for the same period of the prior biennium;

(c) The expenditure level for buildings management amounted to €14.2 million in accordance with the prevailing workplan;

(d) The collection rate of assessed contributions for the year 2020 as at 31 March 2020 was 31.9 per cent, compared to the 2019 and 2018 rates of 31 and 26.1 per cent, respectively;

(e) The collection rate of prior years' arrears, as compared to the current year's assessments, was 2.7 per cent. The rate as at 31 March 2019 and 2018, as compared to the assessments of those years, was 2.1 and 4.1 per cent, respectively;

(f) Outstanding assessed contributions amounted to €134.4 million, as shown in the annex to the present document (including arrears of €69.1 million by the United States of America, and €2.1 million by the former Yugoslavia). The outstanding amounts as at 31 March 2019 and 2018 were €132.7 million and €135.5 million, respectively;

(g) The Working Capital Fund was at the level of €7,423,030. However, an amount of €512,407 was outstanding as at 31 March 2020;

(h) Technical cooperation delivery in the first quarter of 2020 reached the level of \$68.0 million;

(i) A conference room paper (PBC.36/CRP.4) will be provided to update on the status of assessed contributions and voting rights prior to the opening of the session.

II. Regular and operational budgets, 2020–2021

A. Regular budget

2. The implementation of the regular budget started with the establishment of an initial release threshold by budget line and/or major object of expenditure. This facilitated sufficient funding at the beginning of the biennium to begin implementation of activities for each budget category.

3. Allotments of €65.9 million were issued at the onset of the biennium. The initial release consisted of €45.1 million for staff costs and €20.8 million for all other expenditure categories.

4. As at 31 March 2020, regular budget expenditures totalled €18.7 million, which represents 26.3 per cent of the gross expenditure budget for 2020. These figures are slightly higher than those of the previous biennium, where at 31 March 2018 regular budget expenditures amounted to €17.0 million with a 24.8 per cent utilization rate of the gross expenditure budget.

B. Operational budget

5. Allotments of €17.9 million were issued at the beginning of 2020, representing 92.9 per cent of the approved operational budget estimates.

6. As at 31 March 2020, operational budget expenditures amounted to €4.1 million, which is slightly higher than for the comparable reporting period in the previous biennium, where the expenditures amounted to €4.0 million.
7. Technical cooperation activities in the first quarter of 2020 reached the level of \$68.0 million, including commitments, which is \$8.5 million lower than the 2019 rate. Income from support costs as at 31 March 2020 amounted to \$6.6 million, the equivalent of €5.9 million.

C. Buildings management

8. Allotments of €28.0 million were issued for 2020. The buildings management budget is being implemented in accordance with the prevailing workplan.
9. Expenditures as at 31 March 2020 amounted to €14.2 million which is slightly higher than the expenditure level of €13.5 million for the same period in the previous biennium. This represents 49.5 per cent of the buildings management annual gross expenditure budget and compares well with the same period in the previous biennium (48.6 per cent).

III. Prioritizations and efficiency gains

10. The General Conference decision GC.18/Dec.14, paragraph (c) approved the UNIDO 2020–2021 budget including other income of €2,551,500, efficiency gains of €942,223 and a balance of €1,673,545 to be financed from all available resources, including:
 - (i) Voluntary contributions;
 - (ii) Increased application of the full cost recovery principle;
 - (iii) Voluntary renouncements of unspent balances of appropriations;
 - (iv) Further savings, prioritizations and efficiencies if appropriate;
 - (v) And, as a last resort, to draw on the funds allocated to strengthening the United Nations development system, in accordance with Annex II of the Constitution.
11. At the time of writing, UNIDO has not received voluntary contributions towards the related funding gap. The Secretariat notes with appreciation voluntary renouncements of unspent balances of appropriations received so far in the amount of €87,790.
12. As of the beginning of the 2020–2021 biennium, UNIDO enforced procedures and monitoring mechanisms to pursue savings and efficiency gains, including but not limited to:
 - (a) Innovatively utilizing scarce regular and operational budget resources efficiently by building stronger synergies between Headquarters and field locations, including improvements in internal coordination;
 - (b) Continuing to further reduce overall travel expenditures, inter alia, through concerted efforts aimed at the use of information and communications technology instead of physical travel wherever possible;
 - (c) Implementation of Full Cost Recovery (FCR) as a direct response to Member States' requests, including the General Conference decision GC.18/Dec.14 (c)(ii), for an option to fund the €1.7 million budgetary gap.

The FCR pilot has now started to deliver tangible results by mobilizing additional operational income in 2019. This year, UNIDO will undertake the necessary adjustments to the Enterprise Resource Planning system, to deliver further cost savings, recoveries and efficiency gains. These include the

application of a communication strategy, the implementation of policies and operational guidelines, and an expansion of the scope of FCR in consultation with Member States and donors.

IV. Assessed contributions

A. Collections

13. Forty-two Member States, including eight least developed countries (LDCs), made full payments. Fifty-three Member States, eleven of which are LDCs, made partial payments and/or their adjustments were credited towards their assessed contributions for the year 2020. The collections in the period from January to March 2020, broken down by List of States, are shown in table 1.

Table 1
Collections, January to March 2020
(In millions of euros)

<i>List of States*</i>	<i>Current year</i>	<i>Prior years</i>	<i>Total</i>
A	3.02	0.41	3.43
B	16.65	0.00	16.65
C	0.40	1.48	1.88
D	2.06	0.00	2.06
Others	0.00	0.00	0.00
United States of America	0.00	0.00	0.00
Yugoslavia (former)	0.00	0.00	0.00
Total	22.13	1.89	24.02

* As contained in document PBC.35/15/Rev.1.

B. Outstanding contributions

14. The detailed status of assessed contributions outstanding as at 31 March 2020 is contained in the annex to this document. The scale of assessments and outstanding contributions as of the same period, broken down by List of States, are shown in table 2.

Table 2
Scale of assessments and outstanding contributions as at 31 March 2020

<i>List of States*</i>	<i>Scale of assessments (%)</i>	<i>Millions of euros</i>		
		<i>Current year</i>	<i>Prior years</i>	<i>Total</i>
A	35.146	21.39	4.62	26.01
B	45.650	15.06	0.00	15.06
C	12.044	7.96	9.38	17.34
D	7.165	2.91	1.96	4.87
Others	0.005	0.00	0.00	0.00
Subtotal	100.000	47.32	15.96	63.28
United States of America		0.00	69.07	69.07
Yugoslavia (former)		0.00	2.08	2.08
Total	100.000	47.32	87.11	134.43

* As contained in document PBC.35/15/Rev.1.

V. Voting rights

15. As indicated in the annex to this document, the voting rights of 39 Member States had been suspended as at 31 March 2020, in accordance with Article 5.2 of the Constitution and financial regulation 5.5 (b). In comparison, the voting rights of 42 countries had been suspended at the same time last year. The status of voting rights in the various policymaking organs is shown in table 3.

Table 3
Suspension of voting rights, as at 31 March 2020

<i>Members of</i>	<i>Number of members</i>		
	<i>2020</i>	<i>2019</i>	<i>2018</i>
General Conference	39	42	43
Industrial Development Board	2	1	1
Programme and Budget Committee	2	1	1

16. To restore their voting rights for 2020, these Member States must pay their full contributions for 2017 and prior years, including advances to the Working Capital Fund, as well as a partial contribution for 2018. The minimum total amount that would have to be paid by these Member States is €4,854,370.

VI. Multi-year payment plans

17. Table 4 shows, in summary form, the current status of those Member States that have entered into payment plan arrangements to settle outstanding assessed contributions. The Secretariat notes with appreciation and recognizes the considerable efforts made by all those Member States that have honoured their commitments and obligations as stipulated in their respective payment plans. Other Member States in arrears are encouraged to consider submitting payment plans to steadily reduce their outstanding assessed contributions.

Table 4
Payment plans – status as at 31 March 2020
(Amounts in euros)

<i>Member State</i>	<i>Total amount of arrears covered by the plan*</i>	<i>Outstanding amounts 31/3/20</i>	<i>Amounts received/due in 2020</i>	<i>Duration/years</i>	<i>Instalment due in 2020 (month)</i>	<i>Instalment due</i>	<i>Payment made in 2020</i>
Armenia	922,604	298,801	58,507	10	September	Fifth	Scheduled
Dominican Republic	839,529	746,175	232,899	5	June	Second	Scheduled
Kyrgyzstan	385,087	155,520	78,989	5	July	Fourth	Scheduled
Venezuela (Bolivarian Republic of)	3,487,833	3,769,889	2,636,309	5	March	Second, third	In arrears
	5,635,053	4,970,385	3,006,704				

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

VII. Arrears by former Member States

18. The amount of arrears owed to UNIDO by the United States of America is €69,068,887 (1994–1996), while the arrears of the former Yugoslavia amount to €2,081,599 (1990–2001). The Secretariat is pursuing payment of these arrears.

VIII. Unutilized balances of appropriations as at 31 December 2019

19. From the total distributable amount of €7,908,017, €1,092,710 became available for various purposes, as presented in the table below. Altogether eleven Member States voluntarily renounced their share of the unutilized balances.

<i>Member State</i>	<i>Amount renounced</i>	<i>Purpose</i>
Bhutan	93	To be determined
Finland	70,617	Financing budget gap
Hungary	35,902	ITPO Office in Budapest
Israel	53,586	To be determined
Italy	605,308	Special contribution to IDF
Mauritius	1,778	Special contribution to IDF
Poland	120,000	Special contribution to IDF
Poland	4,031	Financing budget gap
Russian Federation	13,142	Financing budget gap
Slovenia	13,471	Special contribution to IDF
Switzerland	71,259	Special account for core activities
Switzerland	71,259	Major Capital Investment Fund
Thailand	32,264	Special contribution to IDF
Total	1,092,710	

IX. Action required of the Committee

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

“The Industrial Development Board:

- (a) Takes note of the information contained in document PBC.36/4;
- (b) Urges those Member States and former Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years’ arrears, to do so without delay;
- (c) Requests the Director General to pursue his efforts and contacts with Member States and former Member States to effect the collection of arrears.”

Annex

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

Status as at 31 March 2020

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF due</i>	<i>Total due</i>	<i>Years outstanding (since)</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Afghanistan	12,816	0	12,816	2019P	Yes	0
Albania	7,655	0	7,655	2020P	Yes	0
Algeria	135,942	0	135,942	2020P	Yes	0
Angola	4,656	0	4,656	2020P	Yes	0
Antigua and Barbuda	3,451	223	3,674	2018P	Yes	0
Argentina	2,746,926	0	2,746,926	2018P	Yes	0
Armenia	298,652	149	298,801	1996P	Yes	Payment Plan
Austria	0	0	0	-	Yes	0
Azerbaijan	0	0	0	-	Yes	0
Bahamas	19,076	0	19,076	2020P	Yes	0
Bahrain	52,378	0	52,378	2020P	Yes	0
Bangladesh	6,128	0	6,128	2020P	Yes	0
Barbados	0	0	0	-	Yes	0
Belarus	0	0	0	-	Yes	0
Belize	4,769	0	4,769	2014P	No	2,200
Benin	2,878	0	2,878	2020P	Yes	0
Bhutan	0	0	0	-	Yes	0
Bolivia (Plurinational State of)	83,942	430	84,372	2014P	No	39,130
Bosnia and Herzegovina	0	0	0	-	Yes	0
Botswana	0	0	0	-	Yes	0
Brazil	5,810,763	0	5,810,763	2019P	Yes	0
Bulgaria	0	0	0	-	Yes	0
Burkina Faso	0	0	0	-	Yes	0
Burundi	51,539	0	51,539	1995P	No	48,950
Cabo Verde	1,809	0	1,809	2018P	Yes	0
Cambodia	14,649	0	14,649	2018P	Yes	0
Cameroon	73,027	245	73,272	2015P	No	35,600
Central African Republic	123,783	7	123,790	1989	No	121,880
Chad	129,012	446	129,458	1991	No	113,810
Chile	876,003	0	876,003	2019P	Yes	0
China	13,725,744	485,615	14,211,359	2020	Yes	0
Colombia	485,394	0	485,394	2019P	Yes	0
Comoros	146,962	7	146,969	1986	No	145,060
Congo	47,449	39	47,488	2012P	No	27,030
Costa Rica	61,915	0	61,915	2020P	Yes	0
Côte d'Ivoire	13,569	0	13,569	2020P	Yes	0
Croatia	60,388	0	60,388	2020P	Yes	0
Cuba	211,524	0	211,524	2018P	Yes	0
Cyprus	0	0	0	-	Yes	0
Czechia	298,746	0	298,746	2020P	Yes	0
Democratic People's Republic of Korea	6,271	0	6,271	2019P	Yes	0
Democratic Republic of the Congo	189,977	445	190,422	1989P	No	169,960
Djibouti	767	0	767	2019P	Yes	0
Dominica	10,898	0	10,898	2005P	No	8,990

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF due</i>	<i>Total due</i>	<i>Years outstanding (since)</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Dominican Republic	745,453	722	746,175	2005P	No	Payment plan
Ecuador	86,068	0	86,068	2020P	Yes	0
Egypt	189,842	0	189,842	2020P	Yes	0
El Salvador	506,668	1,332	508,000	1988	No	462,820
Equatorial Guinea	63,187	0	63,187	2011P	No	42,730
Eritrea	0	0	0	-	Yes	0
Eswatini	1,670	0	1,670	2020P	Yes	0
Ethiopia	6,129	0	6,129	2020P	Yes	0
Fiji	3,971	0	3,971	2019P	Yes	0
Finland	0	0	0	-	Yes	0
Gabon	107,580	0	107,580	2015P	No	52,090
Gambia (the)	70,729	0	70,729	1994P	No	68,820
Georgia	1,682,930	668	1,683,598	1992P	No	1,656,950
Germany	3,457,770	0	3,457,770	2020P	Yes	0
Ghana	49,808	0	49,808	2018P	Yes	0
Grenada	21,409	0	21,409	1999P	No	19,500
Guatemala	68,633	0	68,633	2019P	Yes	0
Guinea	14,331	133	14,464	2012P	No	7,040
Guinea-Bissau	129,093	7	129,100	1988	No	127,190
Guyana	0	0	0	-	Yes	0
Haiti	2,999	0	2,999	2020P	Yes	0
Honduras	81,748	133	81,881	2011P	No	53,840
Hungary	0	0	0	-	Yes	0
India	832,331	0	832,331	2020P	Yes	0
Indonesia	0	0	0	-	Yes	0
Iran (Islamic Republic of)	1,328,202	0	1,328,202	2018P	Yes	0
Iraq	425,286	0	425,286	2018P	Yes	0
Ireland	345,113	0	345,113	2020P	Yes	0
Israel	0	0	0	-	Yes	0
Italy	0	0	0	-	Yes	0
Jamaica	67,832	0	67,832	2014P	No	38,450
Japan	7,806,368	0	7,806,368	2020P	Yes	0
Jordan	21,482	0	21,482	2020P	Yes	0
Kazakhstan	185,375	0	185,375	2020P	Yes	0
Kenya	25,935	0	25,935	2020P	Yes	0
Kiribati	695	0	695	2020	Yes	0
Kuwait	230,493	0	230,493	2020P	Yes	0
Kyrgyzstan	155,520	0	155,520	1996P	Yes	Payment Plan
Lao People's Democratic Republic	5,527	0	5,527	2020P	Yes	0
Lebanon	47,863	0	47,863	2020P	Yes	0
Lesotho	2,992	0	2,992	2016P	No	1,080
Liberia	121	0	121	2020P	Yes	0
Libya	755,428	0	755,428	2015P	No	435,840
Luxembourg	0	0	0	-	Yes	0
Madagascar	7,880	0	7,880	2019P	Yes	0
Malawi	14,196	0	14,196	2014P	No	8,160
Malaysia	0	0	0	-	Yes	0
Maldives	13,565	337	13,902	2011P	No	5,100
Mali	0	0	0	-	Yes	0
Malta	0	0	0	-	Yes	0
Marshall Islands	0	0	0	-	Yes	0
Mauritania	0	0	0	-	Yes	0

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF due</i>	<i>Total due</i>	<i>Years outstanding (since)</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Mauritius	0	0	0	-	Yes	0
Mexico	1,209,309	0	1,209,309	2020P	Yes	0
Micronesia (Federated States of)	1,379	74	1,453	2019	Yes	0
Monaco	10,975	0	10,975	2020P	Yes	0
Mongolia	0	0	0	-	Yes	0
Montenegro	0	0	0	-	Yes	0
Morocco	0	0	0	-	Yes	0
Mozambique	4,448	0	4,448	2020P	Yes	0
Myanmar	6,129	0	6,129	2020P	Yes	0
Namibia	8,895	0	8,895	2020P	Yes	0
Nepal	0	0	0	-	Yes	0
Netherlands	0	0	0	-	Yes	0
Nicaragua	12,472	0	12,472	2018P	Yes	0
Niger	63,494	0	63,494	1995P	No	57,460
Nigeria	508,930	0	508,930	2019P	Yes	0
North Macedonia	88,688	0	88,688	2009P	No	64,100
Norway	0	0	0	-	Yes	0
Oman	0	0	0	-	Yes	0
Pakistan	123,601	0	123,601	2020P	Yes	0
Panama	48,759	0	48,759	2020P	Yes	0
Papua New Guinea	74,099	759	74,858	2003P	No	54,310
Paraguay	16,620	0	16,620	2020P	Yes	0
Peru	76,913	0	76,913	2020P	Yes	0
Philippines	217,921	0	217,921	2020P	Yes	0
Poland	0	0	0	-	Yes	0
Qatar	0	0	0	-	Yes	0
Republic of Korea	2,347,444	0	2,347,444	2020P	Yes	0
Republic of Moldova	2,823	0	2,823	2020P	Yes	0
Romania	182,991	0	182,991	2020P	Yes	0
Russian Federation	2,341,796	0	2,341,796	2020P	Yes	0
Rwanda	4,951	0	4,951	2019P	Yes	0
Saint Kitts and Nevis	0	0	0	-	Yes	0
Saint Lucia	0	0	0	-	Yes	0
Saint Vincent and the Grenadines	123,253	7	123,260	1989P	No	121,350
Samoa	577	0	577	2020P	Yes	0
Sao Tome and Principe	146,962	7	146,969	1986	No	145,060
Saudi Arabia	1,224,082	0	1,224,082	2020P	Yes	0
Senegal	11,478	0	11,478	2019P	Yes	0
Serbia	0	0	0	-	Yes	0
Seychelles	2,783	0	2,783	2019P	Yes	0
Sierra Leone	3,703	0	3,703	2015P	No	1,790
Slovenia	0	0	0	-	Yes	0
Somalia	146,961	7	146,968	1986	No	145,060
South Africa	0	0	0	-	Yes	0
Spain	2,010,461	0	2,010,461	2020P	Yes	0
Sri Lanka	82,078	0	82,078	2019P	Yes	0
State of Palestine	9,030	445	9,475	2020	Yes	0
Sudan	21,908	0	21,908	2017P	No	1,450
Suriname	41,070	0	41,070	2013P	No	17,390
Sweden	0	0	0	-	Yes	0
Switzerland	0	0	0	-	Yes	0
Syrian Arab Republic	5,972	0	5,972	2020P	Yes	0

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF due</i>	<i>Total due</i>	<i>Years outstanding (since)</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Tajikistan	5,999	0	5,999	2019P	Yes	0
Thailand	4,017	0	4,017	2020P	Yes	0
Timor-Leste	4,183	0	4,183	2019P	Yes	0
Togo	1,290	0	1,290	2020P	Yes	0
Tonga	636	0	636	2020P	Yes	0
Trinidad and Tobago	76,678	0	76,678	2019P	Yes	0
Tunisia	27,272	0	27,272	2019P	Yes	0
Turkey	1,429,878	0	1,429,878	2020P	Yes	0
Turkmenistan	0	0	0	-	Yes	0
Tuvalu	6,253	74	6,327	2012P	No	4,420
Uganda	57,513	0	57,513	2012P	No	37,050
Ukraine	0	0	0	-	Yes	0
United Arab Emirates	624,780	0	624,780	2020P	Yes	0
United Republic of Tanzania	12,678	0	12,678	2019P	Yes	0
Uruguay	89,809	0	89,809	2020P	Yes	0
Uzbekistan	557,896	1,909	559,805	1998P	No	471,200
Vanuatu	0	0	0	-	Yes	0
Venezuela (Bolivarian Republic of)	3,751,702	18,187	3,769,889	2015P	No	Payment Plan
Viet Nam	84,823	0	84,823	2020P	Yes	0
Yemen	61,972	0	61,972	2012P	No	41,510
Zambia	12,577	0	12,577	2019P	Yes	0
Zimbabwe	5,126	0	5,126	2020P	Yes	0
Subtotal:	63,279,717	512,407	63,792,124			4,854,370
Yugoslavia (former) ^b	2,081,599		2,081,599	1990(P)– 2001		
Non-Member:						
United States of America ^c	69,068,887		69,068,887	1994(P)– 1996		
TOTAL	134,430,203	512,407	134,942,610			4,854,370

Notes:

(P) refers to partial payment.

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

^b Outstanding contributions to be resolved (General Assembly resolution 63/249).

^c Member State of UNIDO until 31 December 1996.