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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 28 February 2021.

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I. Overview

1. The financial situation as at 28 February 2021 can be summarized in the following major points:

(a) The gross appropriations for the regular budget for the 2020–2021 biennium amount to some €144.1 million. Regular budget gross expenditure for the year 2020 amounted to €64.2 million, or 90 per cent of the approved budget for the same year. As at 28 February 2021, €78.3 million had been spent, or 54.3 per cent of the gross biennial appropriations;

(b) The appropriations for the operational budget amount to some €37.9 million in the reporting period. As at 28 February 2021, expenditure stood at €18.8 million or 49.7 per cent of the gross biennial appropriations;

(c) The level of expenditure for buildings management amounted to €25.3 million in accordance with the prevailing workplan;

(d) The rate of collection of assessed contributions at the end of February 2021 was 25.6 per cent (the rate of collection as at 12 March 2021 was 31.8 per cent), compared to the 2020 and 2019 rates of 20.5 and 22.5 per cent, respectively;

(e) The rate of collection of prior years' arrears, as compared to the current year's assessments, was 3.3 per cent. The rate as at 28 February 2020 and 2019, as compared to the assessments of those years, was 0.5 and 1.5 per cent, respectively;

(f) Outstanding assessed contributions amounted to €141.9 million (as at 12 March 2021 outstanding assessed contributions amounted to 137.7 million), as shown in the annex to the present document (including arrears of €69.1 million owed by the United States of America, and €2.1 million owed by the former Yugoslavia). The outstanding amounts for the same period in 2020 and 2019 were €144.5 million and €138.9 million, respectively;

(g) The Working Capital Fund was at the level of €7,423,030. However, an amount of €25,847 was outstanding as at 28 February 2021;

(h) Technical cooperation delivery at the end of February 2021 had reached \$52.7 million; and

(i) A conference room paper (PBC.37/CRP.4) will be issued prior to the opening of the session to provide updated information on the status of assessed contributions and voting rights.

II. Regular and operational budgets, 2020–2021

A. Regular budget

2. Allotments in the amount of €67.0 million were released in 2020, against which, by 31 December 2020, regular budget net expenditures amounted to €64.2 million. This amount corresponds to 90 per cent of the total gross approved appropriations for 2020.

3. At the beginning of 2021, allotments of €66.7 million were released. This represents 91 per cent of the total approved budget for 2021.

4. As at 28 February 2021, regular budget expenditures totalled €78.3 million for the biennium, which represents 54.3 per cent of the gross expenditure budget for the 2020–2021 biennium.

B. Operational budget

5. In addition to the allotments of €17.9 million released in 2020, €16.6 million were released at the beginning of 2021. The total operational budget released for the

biennium, €34.5 million, represents 91.1 per cent of the approved operational budget estimates.

6. As at 28 February 2021, operational budget expenditures amounted to €18.8 million, or 49.7 per cent of the gross approved operational budget for the biennium.

7. Technical cooperation activities at the end of February 2021 reached \$52.7 million, including commitments, which is \$5 million lower than the 2020 amount. Income from programme support costs amounted to \$4.9 million.

C. Buildings management

8. Allotments of €22.3 million were issued at the start of 2021, resulting in a total release of €50.5 million for the biennium, corresponding to 87.5 per cent of the approved budget. The buildings management budget is being implemented in accordance with the prevailing workplan.

9. Expenditures as at 28 February 2021 amounted to €25.3 million which represents 43.8 per cent of the gross approved budget for buildings management.

III. Prioritizations, efficiency gains and full cost recovery

10. The General Conference, through decision GC.18/Dec.14, approved that the regular budget for 2020–2021 should be financed from assessed contributions in the amount of €138,924,543, 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 renouncement of unspent balances of appropriations;
- (iv) Further savings, prioritizations and efficiencies if appropriate; and

(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 had not received any voluntary contributions towards the financing of the budgetary gap. However, the Secretariat notes with appreciation that the amount of €18,205 in unspent balances of appropriations had been renounced as at 28 February 2021 to help finance the budgetary gap.

12. As of the beginning of the 2020–2021 biennium, the Secretariat enforced procedures and monitoring mechanisms to pursue savings and efficiency gains to help fund the budgetary gap, including but not limited to:

(a) Building stronger synergies between headquarters and field locations, including improvements in internal coordination;

(b) Continuing to reduce overall travel expenditures, inter alia, through concerted efforts aimed at optimizing the use of information and communications technology and also dictated by COVID-19-related travel restrictions; and

(c) The policy of full cost recovery (FCR) as a direct response to Member States' requests, including in paragraph (c)(ii) of General Conference decision GC.18/Dec.14. FCR is now fully operational. An administrative instruction on FCR was issued in late 2020, which includes a handbook for its application. In 2021, the application of FCR is expected to be expanded further in consultation with Member States and donors, and targets for income from FCR are included in the proposed programme and budgets for 2022–2023.

IV. Assessed contributions

A. Collections

13. Full payments were made by 29 Member States, including seven least developed countries (LDCs). Partial payments were made by 46 Member States, ten of which are LDCs, and/or their adjustments were credited towards their assessed contributions for the year 2021. The collections in the period from January to February 2021, broken down by List of States, are shown in table 1.

Table 1
Collections, January to February 2021

(In millions of euros)

<i>List of States*</i>	<i>Current year</i>	<i>Prior years</i>	<i>Total</i>
A	0.63	0.55	1.18
B	12.85	0.01	12.86
C	0.03	1.67	1.70
D	4.27	0.08	4.34
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	17.78	2.31	20.08

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

B. Outstanding contributions

14. The detailed status of assessed contributions outstanding as at 28 February 2021 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 28 February 2021

<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	35.134	23.78	4.87	28.65
B	45.650	18.86	0.00	18.86
C	12.044	8.34	12.21	20.55
D	7.167	0.71	2.00	2.71
Others	0.005	0.00	0.01	0.01
Subtotal	100.000	51.69	19.09	70.78
United States of America		0.00	69.07	69.07
Yugoslavia (former)		0.00	2.08	2.08
Total	100.000	51.69	90.24	141.93

* 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 41 Member States were suspended as at 28 February 2021, in accordance with Article 5.2 of the Constitution and financial regulation 5.5 (b). In comparison, the voting rights of 39 Member States 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 28 February 2021

<i>Members of</i>	<i>Number of members</i>		
	<i>2021</i>	<i>2020</i>	<i>2019</i>
General Conference	41	39	42
Industrial Development Board	3	2	1
Programme and Budget Committee	3	2	1

16. To restore their voting rights for 2021, these Member States must pay their full contributions for 2018 and prior years, including advances to the Working Capital Fund, as well as a partial contribution for 2019. The minimum total amount that would have to be paid by these Member States is €5,056,020.

VI Multi-year payment plans

17. Table 4 shows, in summary form, the status of those Member States that have entered into payment plans 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 concluding payment plans to reduce their outstanding assessed contributions.

Table 4
Payment plans – status as at 28 February 2021

(Amounts in euros)

<i>Member State</i>	<i>Total amount of arrears covered by the plan*</i>	<i>Outstanding amounts 28/2/21</i>	<i>Amounts received/due in 2021</i>	<i>Duration/ years</i>	<i>Instalment due in 2021 (month)</i>	<i>Instalment due</i>	<i>Payment made in 2021</i>
Armenia	922,604	248,629	58,358	10	September	Sixth	Scheduled
Dominican Republic	839,529	555,023	232,157	5	June	Third	Scheduled
Kyrgyzstan	385,087	157,604	158,045	5	July	Fourth, Fifth	In arrears
Venezuela (Bolivarian Republic of)	3,487,833	4,602,047	4,035,757	5	March	Second, Third, Fourth	In arrears
	5,635,053	5,563,303	4,484,317				

* 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 2020

19. From the total distributable amount of €671,475 in unutilized balances of appropriations, €225,824 became available for various purposes (as at 12 March 2021 the available amount was €232,400), as presented in the table below. Altogether, fifteen Member States voluntarily renounced their share of unutilized balances.

<i>Member State</i>	<i>Amount renounced</i>	<i>Purpose</i>
Finland	6,258	Financing budget gap
Germany	92,702	Major Capital Investment Fund
Hungary	2,632	Financing budget gap
Italy	55,160	Special contribution to IDF
Luxembourg	942	Financing budget gap
Mauritius	140	Financing budget gap
Norway	9,213	Promote gender activities within UNIDO mandate
Republic of Korea	22,078	Special contribution to IDF
Russian Federation	1,015	Financing budget gap
Slovenia	1,097	Special contribution to IDF
Switzerland	6,559.5	Special account for core activities
Switzerland	6,559.5	Major Capital Investment Fund
Thailand	2,682	Special contribution to IDF
Turkey	11,568	Special account for core activities
United Arab Emirates	5,398	Financing budget gap
Ukraine	1,820	Financing budget gap
Total	225,824	

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.37/5;
- (b) Urges those Member States and former Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years’ arrears, to do so without delay;
- (c) Requests the Director General to pursue his efforts and contacts with Member States and former Member States to effect the collection of arrears.”

Annex

Status of assessed contributions to the regular budget

(In euros)

Status as at 28 February 2021

<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	19,714	0	19,714	2019P	Yes	0
Albania	8,935	0	8,935	2021P	Yes	0
Algeria	156,261	0	156,261	2021P	Yes	0
Angola	6,070	0	6,070	2021P	Yes	0
Antigua and Barbuda	5,535	223	5,758	2019	Yes	0
Argentina	2,630,978	0	2,630,978	2019P	Yes	0
Armenia	248,629	0	248,629	1996P	Yes	Payment Plan
Austria	0	0	0	-	Yes	0
Azerbaijan	0	0	0	-	Yes	0
Bahamas	39,722	0	39,722	2020P	Yes	0
Bahrain	56,561	0	56,561	2021P	Yes	0
Bangladesh	6,871	0	6,871	2021P	Yes	0
Barbados	0	0	0	-	Yes	0
Belarus	0	0	0	-	Yes	0
Belize	5,444	0	5,444	2014P	No	3,520
Benin	6,316	0	6,316	2020P	Yes	0
Bhutan	0	0	0	-	Yes	0
Bolivia (Plurinational State of)	73,483	430	73,913	2017P	No	24,280
Bosnia and Herzegovina	0	0	0	-	Yes	0
Botswana	0	0	0	-	Yes	0
Brazil	6,949,757	0	6,949,757	2019P	Yes	0
Bulgaria	0	0	0	-	Yes	0
Burkina Faso	0	0	0	-	Yes	0
Burundi	52,234	0	52,234	1995P	No	50,310
Cabo Verde	1,703	0	1,703	2019P	Yes	0
Cambodia	6,903	0	6,903	2021P	Yes	0
Cameroon	87,548	245	87,793	2015P	No	47,150
Central African Republic	124,478	7	124,485	1989	No	122,570
Chad	133,874	446	134,320	1991	No	119,280
Chile	1,338,171	0	1,338,171	2019P	Yes	0
China	13,662,829	0	13,662,829	2021P	Yes	0
Colombia	812,108	0	812,108	2019P	Yes	0
Comoros	147,657	7	147,664	1986	No	145,740
Congo	54,388	39	54,427	2012P	No	33,850
Costa Rica	132,386	0	132,386	2020P	Yes	0
Côte d'Ivoire	28,038	0	28,038	2020P	Yes	0
Croatia	0	0	0	-	Yes	0
Cuba	302,521	0	302,521	2018P	No	45,480
Cyprus	40,466	0	40,466	2021P	Yes	0
Czechia	351,843	0	351,843	2021P	Yes	0
Democratic People's Republic of Korea	5,938	0	5,938	2021	Yes	0
Democratic Republic of the Congo	196,923	445	197,368	1989P	No	176,800
Djibouti	1,451	0	1,451	2019P	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>
Dominica	11,587	0	11,587	2005P	No	9,670
Dominican Republic	555,023	0	555,023	2010P	No	Payment Plan
Ecuador	98,050	0	98,050	2020P	Yes	0
Egypt	211,164	0	211,164	2021P	Yes	0
El Salvador	520,560	1,332	521,892	1988	No	478,540
Equatorial Guinea	70,122	0	70,122	2011P	No	49,550
Eritrea	0	0	0	-	Yes	0
Eswatini	3,716	0	3,716	2020P	Yes	0
Ethiopia	13,014	0	13,014	2020P	Yes	0
Fiji	3,652	0	3,652	2020P	Yes	0
Finland	0	0	0	-	Yes	0
Gabon	124,856	0	124,856	2015P	No	71,140
Gambia (the)	0	0	0	-	Yes	0
Georgia	1,691,960	668	1,692,628	1992P	No	1,665,840
Germany	3,481,449	0	3,481,449	2021	Yes	0
Ghana	67,050	0	67,050	2018P	No	14,020
Grenada	22,098	0	22,098	1999P	No	20,180
Guatemala	49,907	0	49,907	2020P	Yes	0
Guinea	17,789	133	17,922	2012P	No	9,080
Guinea-Bissau	129,788	7	129,795	1988	No	127,880
Guyana	178	0	178	2021P	Yes	0
Haiti	3,433	0	3,433	2021P	Yes	0
Honduras	92,143	133	92,276	2011P	No	62,710
Hungary	0	0	0	-	Yes	0
India	947,141	0	947,141	2021P	Yes	0
Indonesia	571,090	0	571,090	2021P	Yes	0
Iran (Islamic Republic of)	1,433,461	0	1,433,461	2019P	Yes	0
Iraq	571,733	0	571,733	2018P	No	130,410
Ireland	419,916	0	419,916	2021P	Yes	0
Israel	0	0	0	-	Yes	0
Italy	3,780,831	0	3,780,831	2021	Yes	0
Jamaica	66,006	0	66,006	2015P	No	37,850
Japan	8,163,829	0	8,163,829	2021P	Yes	0
Jordan	24,108	0	24,108	2021P	Yes	0
Kazakhstan	186,310	0	186,310	2021P	Yes	0
Kenya	53,587	0	53,587	2020P	Yes	0
Kiribati	1,390	0	1,390	2020	Yes	0
Kuwait	285,522	0	285,522	2021P	Yes	0
Kyrgyzstan	157,604	0	157,604	1996P	Yes	Payment Plan
Lao People's Democratic Republic	5,537	0	5,537	2021P	Yes	0
Lebanon	98,289	0	98,289	2020P	Yes	0
Lesotho	3,680	0	3,680	2016P	No	1,760
Liberia	805	0	805	2020P	Yes	0
Libya	626,373	0	626,373	2016P	No	415,600
Luxembourg	65,391	0	65,391	2021	Yes	0
Madagascar	12,701	0	12,701	2019P	Yes	0
Malawi	16,270	0	16,270	2014P	No	10,210
Malaysia	348,863	0	348,863	2021P	Yes	0
Maldives	18,421	337	18,758	2011P	No	7,140

<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>
Mali	0	0	0	-	Yes	0
Malta	17,091	0	17,091	2021P	Yes	0
Marshall Islands	614	0	614	2021P	Yes	0
Mauritania	0	0	0	-	Yes	0
Mauritius	0	0	0	-	Yes	0
Mexico	1,457,311	0	1,457,311	2021P	Yes	0
Micronesia (Federated States of)	1,582	0	1,582	2019P	Yes	0
Monaco	0	0	0	-	Yes	0
Mongolia	5,114	0	5,114	2021P	Yes	0
Montenegro	4,186	0	4,186	2021P	Yes	0
Morocco	54,188	0	54,188	2021P	Yes	0
Mozambique	4,833	0	4,833	2021P	Yes	0
Myanmar	6,891	0	6,891	2021P	Yes	0
Namibia	19,215	0	19,215	2020P	Yes	0
Nepal	0	0	0	-	Yes	0
Netherlands	0	0	0	-	Yes	0
Nicaragua	11,122	0	11,122	2019P	Yes	0
Niger	65,578	0	65,578	1995P	No	59,510
Nigeria	794,180	0	794,180	2019P	Yes	0
North Macedonia	96,998	0	96,998	2009P	No	72,280
Norway	0	0	0	-	Yes	0
Oman	0	0	0	-	Yes	0
Pakistan	131,602	0	131,602	2020P	Yes	0
Panama	99,896	0	99,896	2020P	Yes	0
Papua New Guinea	85,187	759	85,946	2003P	No	59,090
Paraguay	34,559	0	34,559	2020P	Yes	0
Peru	249,306	0	249,306	2020P	Yes	0
Philippines	232,578	0	232,578	2021P	Yes	0
Poland	0	0	0	-	Yes	0
Qatar	292,422	0	292,422	2021P	Yes	0
Republic of Korea	2,591,637	0	2,591,637	2021	Yes	0
Republic of Moldova	2,730	0	2,730	2021P	Yes	0
Romania	224,436	0	224,436	2021P	Yes	0
Russian Federation	0	0	0	-	Yes	0
Rwanda	8,403	0	8,403	2019P	Yes	0
Saint Kitts and Nevis	684	0	684	2021P	Yes	0
Saint Lucia	639	0	639	2021P	Yes	0
Saint Vincent and the Grenadines	123,948	7	123,955	1989P	No	122,040
Samoa	581	0	581	2021P	Yes	0
Sao Tome and Principe	147,657	7	147,664	1986	No	145,740
Saudi Arabia	1,330,614	0	1,330,614	2021P	Yes	0
Senegal	7,244	0	7,244	2020P	Yes	0
Serbia	26,227	0	26,227	2021P	Yes	0
Seychelles	1,971	0	1,971	2021P	Yes	0
Sierra Leone	4,391	0	4,391	2015P	No	2,470
Slovenia	0	0	0	-	Yes	0
Somalia	147,656	7	147,663	1986	No	145,740
South Africa	257,524	0	257,524	2021P	Yes	0
Spain	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>
Sri Lanka	49,763	0	49,763	2021P	Yes	0
State of Palestine	18,060	445	18,505	2020	Yes	0
Sudan	28,780	0	28,780	2017P	No	8,210
Suriname	46,616	0	46,616	2013P	No	28,820
Sweden	0	0	0	-	Yes	0
Switzerland	1,316,310	0	1,316,310	2021	Yes	0
Syrian Arab Republic	17,996	0	17,996	2020P	Yes	0
Tajikistan	4,820	0	4,820	2021P	Yes	0
Thailand	23,614	0	23,614	2021P	Yes	0
Timor-Leste	6,253	0	6,253	2019P	Yes	0
Togo	3,363	0	3,363	2020P	Yes	0
Tonga	1,320	0	1,320	2020P	Yes	0
Trinidad and Tobago	45,420	0	45,420	2021P	Yes	0
Tunisia	33,714	0	33,714	2020P	Yes	0
Turkey	1,567,069	0	1,567,069	2021	Yes	0
Turkmenistan	0	0	0	-	Yes	0
Tuvalu	6,948	74	7,022	2012P	No	5,100
Uganda	64,437	0	64,437	2012P	No	43,860
Ukraine	50,085	0	50,085	2021	Yes	0
United Arab Emirates	704,347	0	704,347	2021	Yes	0
United Republic of Tanzania	19,559	0	19,559	2019P	Yes	0
Uruguay	188,528	0	188,528	2020P	Yes	0
Uzbekistan	531,818	1,909	533,727	1998P	No	434,280
Vanuatu	110	0	110	2021P	Yes	0
Venezuela (Bolivarian Republic of)	4,583,860	18,187	4,602,047	2015P	No	Payment Plan
Viet Nam	87,836	0	87,836	2021P	Yes	0
Yemen	68,888	0	68,888	2012P	No	48,320
Zambia	19,468	0	19,468	2019P	Yes	0
Zimbabwe	10,635	0	10,635	2020P	Yes	0
Subtotal:	70,762,544	25,847	70,788,391			5,056,020
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	141,913,030	25,847	141,938,877			5,056,020

Notes:

(P) refers to partial payment.

^a Voting rights of 41 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.