United Nations Industrial Development Organization

Distr.: General
5 April 2023

Original: English

Industrial Development Board
Fifty-first session
Vienna, 3–6 July 2023

Programme and Budget Committee
Thirty-ninth session
Vienna, 15–17 May 2023
Item 9 of the provisional agenda
Working Capital Fund for the biennium 2024–2025

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Proposals by the Director General

The present document proposes the level and authorized purposes of the Working Capital Fund for the biennium 2024–2025, and reports on the status of the Fund as at 31 December 2022.

I. Introduction

1. In accordance with financial regulation 5.4 (a), the Programme and Budget Committee should recommend to the Industrial Development Board the amount and purposes of the Working Capital Fund.

2. In the absence of an authority to borrow funds from external sources, the Working Capital Fund provides a vital source of cash to meet the Organization's financial commitments when there is insufficient income from assessed contributions due to delays or non-payments by Member States.

3. Financial regulation 5.4 (b) stipulates that "the sources of moneys for the Fund shall be advances from Members, which shall be made in the proportion of the scale of assessments established by the Conference for the contributions of Members to the regular budget. The advances shall be carried to the credit of the respective Members who made the advances".

II. Biennium 2022–2023

4. In its decision GC.19/Dec.15, the General Conference decided that the level of the Working Capital Fund for the biennium 2022–2023 should remain at the level of €7,423,030 and that the authorized purposes of the Fund for the biennium 2022–2023 should remain the same as for the biennium 2020–2021, i.e. as stipulated in Conference decision GC.2/Dec.27, paragraph (b). Accordingly, the Conference

V.23-05264 (E) 060423 110423

authorized the Director General to advance from the Working Capital Fund during the biennium 2022–2023:

"(i) Such sums as might be necessary to finance budgetary appropriations pending the receipt of contributions; sums so advanced should be reimbursed as soon as receipts from contributions were available for that purpose;

(ii) Such sums as might be necessary to finance unforeseen and extraordinary expenses, excluding expenditures intended to compensate for any losses caused by fluctuation in exchange rates; for sums so advanced, the Director General should make provision in the budget estimates for reimbursing the Working Capital Fund."

5. As at 31 December 2022, the status of the Fund was as follows:

Advances from Member States:	€7,400,225
Unpaid advances:	€22,805
Working Capital Fund:	€7,423,030

III. Proposals for the biennium 2024–2025

6. It is proposed that the current level of the Working Capital Fund of €7,423,030 and the authorized purposes of the Fund for the biennium 2024–2025 should remain the same as for the biennium 2022–2023, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b).

7. The Director General assumes that, for the biennium 2024–2025, most Member States will continue to meet their obligations. However, keeping the Working Capital Fund replenished to its authorized level is dependent on the contributions received from Member States. The continued replenishment of the Working Capital Fund is a priority of the Organization, to ensure that prudent minimum levels of cash reserves are maintained. This would allow for the utilization of the Working Capital Fund in accordance with the approved purposes, should the need arise.

IV. Action required of the Committee

8. The Committee may wish to recommend to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

(a) Takes note of document IDB.51/8-PBC.39/8;

(b) Recommends to the Industrial Development Board that the level of the Working Capital Fund for the biennium 2024–2025 should remain at €7,423,030 and that the authorized purposes of the Fund for the biennium 2024–2025 should remain the same as for the biennium 2022–2023, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b);

(c) Urges Member States to pay their outstanding assessed contributions as soon as possible to minimize the need to withdraw sums from the Working Capital Fund to meet shortfalls in the payment of assessed contributions."