

Industrial Development Board**Fifty-second session**

Vienna, 25–27 November 2024

Item 4 (c) of the provisional agenda**Budget implementation flexibility****Application of budget implementation flexibility****Report by the Director General**

The present document provides information on the application of budget implementation flexibility (horizontal flexibility) in line with decision GC.20/Dec.14. It is to be considered in conjunction with the information provided in documents IDB.51/9, IDB.51/CRP.10 and IDB.52/6.

I. Background

1. At its twentieth session, the General Conference considered a proposal by the Director General on budget implementation flexibility for the biennium 2024–2025 (see IDB.51/9 and IDB.51/CRP.10).
2. In GC.20/Dec.14, the General Conference took an interim decision for the biennium 2024–2025, to allow the Director General to increase expenditure on technical cooperation to promote inclusive and sustainable industrial development up to €60 million of the operational budget commensurate with the actual income received, also referred to as horizontal flexibility.
3. In accordance with the decision, the Director General is requested to inform in writing the General Conference through the Programme and Budget Committee and the Industrial Development Board, at the session following such action, of the details and reasons for these increased expenditures. Accordingly, this report on the application of budget implementation flexibility is presented to the fifty-second session of the Board.

II. Status of application of horizontal flexibility

4. Based on the Director General's decision of 23 July 2024, the Secretariat commenced the application of horizontal flexibility, allowing increased expenditure up to €60 million under the 2024–2025 operational budget.

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5. As at 31 September 2024, the total approved operational budget, in the amount of €23.63 million, has been fully released. In addition, €2.53 million has been released, based on the application of the horizontal flexibility.
6. This first release of €2.53 million represents 19.88 per cent of the total approved amount for horizontal flexibility. Based on GC.20/Dec.14, the overall amount that can be classified as horizontal flexibility is the difference between the approved operational budget for 2024–2025, €47,247,800, and the €60 million ceiling set by the decision. It therefore totals €12,752,200.
7. The allocation of the additional €2.53 million is fully aligned with the relative shares of major objects of expenditure approved by the Member States in the initial 2024–2025 operational budget.
8. The funds are used to promote inclusive and sustainable industrial development, and to augment UNIDO's capacity to implement technical cooperation.

III. Action required of the Board

9. The Board may wish to take note of the information contained in the present document.
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