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**Strengthening UNIDO programmes through
unutilized balances of appropriations**

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Item 6 of the provisional agenda

**Strengthening UNIDO programmes through
unutilized balances of appropriations**

Unutilized balances of appropriations

Report by the Director-General

In compliance with General Conference decision GC.14/Dec.14, the present report provides information on the amounts of unutilized balances of appropriations that were renounced by Member States and how these funds are being used in order to strengthen UNIDO programmes.

Introduction

1. At the fourteenth session of the UNIDO General Conference in December 2011, Member States were encouraged to “consider voluntarily renouncing their shares of the unutilized balances of appropriations to strengthen the programmes of UNIDO” (decision GC.14/Dec.14). The present report outlines the amounts of unutilized balances of appropriations that became available and the purposes for which these funds will be used.
2. A total of 27 Member States renounced their shares of unutilized balances, resulting in a total amount of potentially about €13.6 million being made available for UNIDO programmes as outlined below. A full list of the Member States that renounced their shares of unutilized balances and the amounts involved is contained in an annex to the present document.

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II. Allocation of funds

(a) Trust fund for Latin America and the Caribbean

3. In the context of the ongoing development needs of countries in Latin America and the Caribbean, UNIDO has established a trust fund for Latin America with the aim of providing “support for services in thematic areas of particular interest to Member States from the region, above all those thematic areas which have generally suffered from limited funding” (document GC.14/18). As indicated in document GC.14/18, projects to be funded from this trust fund would include “inter alia, support for strategies to meet challenges in global, regional and subregional trade and economic integration; support for the building and sharing of industrial policies and industrial knowledge; and assistance in the efficient use of energy for productive activities”. It is envisaged that the trust fund will target the poorest countries in the region. In establishing the trust fund it is also acknowledged that it will be used to leverage additional resources for this purpose.

4. Following the establishment of the trust fund, four countries (Brazil, Colombia, Ecuador and Panama) indicated that their share would be available to this new trust. The amount available to the trust fund from these four countries amounts to about €440,000 with a further amount of about €200,000 becoming available once additional instalment payments are received from Brazil.

(b) Miscellaneous purposes

5. As indicated in document GC.14/18, UNIDO had proposed to Member States that unutilized balances could also be allocated to one of four programmatic areas: (i) strengthening food security in least developed countries (LDCs) through the implementation of initiatives in agro-industry development; (ii) securing access to energy for productive uses, with particular emphasis on access to energy by women; (iii) supporting economic diversification to create employment in the productive sectors, particularly targeting vulnerable groups, including youth, in countries emerging from crisis; and (iv) increasing the competitiveness of industries in developing countries through compliance with standards and demands concerning, inter alia, sustainable industrial development, green industry and energy efficiency.

6. Nine Member States (Côte d’Ivoire, Denmark, Finland, Lebanon, Malta, Mauritius, Mozambique, New Zealand and Norway) indicated that their shares could be used by UNIDO without any specific purpose or in accordance with the objectives outlined above. As a result, the total amount made available by these countries is about €770,000.

7. Since special trust funds already existed for the above-mentioned areas (i), (ii) and (iv), a new trust fund was established for the area (iii) above with the title “Trust fund for youth employment”. Once the shares of unutilized balances from these Member States became available, it was decided to allocate one quarter of the above funds (about €190,000) to each of the four areas.

(c) Other purposes

8. In renouncing its portion of unutilized balances, Germany specifically requested that part of its share be allocated to UNIDO projects aimed at

strengthening the local production of essential generic pharmaceuticals in developing countries. Discussions between Germany and the Secretariat are well advanced on detailed project areas in which funds will be used.

9. France has requested that part of its share of unutilized balances be directed to two specific projects: (a) solar energy and biomass activities in Cambodia; and (b) development of mini-hydropower options in Guinea.

10. Within the context of a memorandum of understanding, Israel has agreed that its share of unutilized balances be used to implement joint activities between the country's Agency for International Development Cooperation (MASHAV) and UNIDO.

11. In relation to the share of unutilized balances from the other Member States, a number of different project proposals are currently under consideration, including allocations to existing projects in areas ranging from green industry to investment promotion, to existing accounts with the Industrial Development Fund account or to be held over for later programming.

III. Outlook

12. It is noted that the funds arising from the unutilized balances of Member States have only recently become available within the first quarter of 2012 and in the majority of instances cited in this document, many of the possible project proposals under consideration are still very much in the embryonic stages. Accordingly, Member States will subsequently be informed in more detail as to further developments in the allocation and use of these funds.

13. It should also be noted that in a number of instances, some Member States have decided to renounce their share of their unutilized balances with some conditionality. This means that of the amounts listed in the annex, some part of the total might not become available for the purposes outlined in this document.

IV. Action required of the Committee

14. The Committee may wish to take note of the information provided in the present document.

Annex

Amounts of unutilized balances renounced by Member States

<i>Member State</i>	<i>Total renounced (€)</i>
Brazil	389,049 ¹
China	589,631
Colombia	38,691
Côte d'Ivoire	2,851
Democratic People's Republic of Korea	7,516
Denmark	240,735
Ecuador	6,926
Finland	199,175
France	1,000,000
Germany	2,337,586
India	131,642
Indonesia	54,751
Israel	127,488
Italy	1,782,101
Japan	5,294,705 ²
Lebanon	6,811
Malta	4,616
Mauritius	3,283
Mozambique	940
New Zealand	84,348
Norway	225,506
Panama	5,243
Poland	138,057
Republic of Korea	528,512
Switzerland	419,971
Syrian Arab Republic	13,291
Thailand	59,508
Total	13,692,933

¹ An additional amount of €199,906 will become available from Brazil upon receipt of outstanding assessed contributions.

² This amount is conditional.