



General Assembly

Distr.
GENERAL

A/C.5/36/75/Add.17
5 December 1981

ORIGINAL: ENGLISH

Thirty-sixth session
FIFTH COMMITTEE
Agenda item 99

PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981

Programme budget performance of the United Nations for
the biennium 1980-1981

Report of the Secretary-General

Addendum

Section 17. United Nations Industrial Development Organization

Section 17. United Nations Industrial Development Organization

Table 17.1

(Thousands of US dollars)

(1) Regular budget						
Revised appropri- ation 1980-1981	Estimated additional requirements					Total revised estimate
	Inflation	Rates of exchange	Decisions of policy- making organs	Other changes	Total	
75 369.3	692.2	(4 605.6)	-	1 393.2	(2 520.2)	72 849.1

(2) Extrabudgetary resources		
Previously estimated expenditures 1980-1981	Source of funds	Revised estimate
(a) Substantive and administrative support:		
12 352.0	UNDP overhead	17 689.4
980.0	Special Industrial Services	812.0
250.0	Programme reserve	35.0
8 190.0	United Nations Industrial Development Fund and other UNIDO trust funds	4 480.0
1 300.0	UNIDO/IBRD Co-operative Programme	1 300.0
23 072.0	Total (a)	24 316.4
(b) Operational projects:		
86 940.0	UNDP	111 400.0
7 000.0	Special Industrial Services	5 800.0
1 910.0	Programme reserve	1 800.0
58 500.0	United Nations Industrial Development Fund and other UNIDO trust funds	32 000.0
154 350.0	Total (b)	151 000.0
177 422.0	Total (a) and (b)	175 316.4
252 791.3	Total (1) and (2)	248 165.5

/...

Table 17.2

Regular budget: distribution of revised estimates by programme

(Thousands of US dollars)

Programmes	Revised appropriations 1980-1981	Estimated additional requirements						Total 1980-1981 revised estimates
		Inflation	Rates of exchange	Decisions of policy-	Redeploy- ment	Other changes	Total	
A. Policy-making organs								
1. Industrial Development Board and its Permanent Committee	1 692.4	15.4	(56.7)	-	79.8	242.0	280.5	1 972.9
2. Third General Conference of UNIDO	961.3	-	-	-	89.3	78.6	167.9	1 129.2
B. Executive direction and management	1 250.8	21.3	(88.4)	-	167.8	156.3	257.0	1 507.8
C. Programmes of activity								
1. Policy co-ordination	11 260.3	173.3	(717.7)	-	211.7	198.7	(134.0)	11 126.3
2. Industrial studies and research	16 473.9	180.4	(1 039.4)	-	(1 296.5)	347.5	(1 808.0)	14 665.9
3. Industrial operations	15 511.3	161.4	(890.4)	-	689.9	136.4	97.3	15 608.6
D. Programme support								
1. Conference services, public information and external relations	16 932.6	113.2	(1 101.8)	-	(315.3)	(36.5)	(1 340.4)	15 592.2
2. Administration and common services	11 286.7	27.2	(711.2)	-	373.3	270.2	(40.5)	11 246.2
Total	75 369.3	692.2	(4 605.6)	-	-	1 393.2	(2 520.2)	72 849.1

Table 17.3

Regular budget: distribution of estimated additional requirements
by programme and by main object of expenditure

(Thousands of US dollars)

Programmes	Salaries and common staff costs	Travel	Printing	Other contractual services	General operating expenses	Supplies, materials, furniture and equipment	Other	Total
A. Policy-making organs								
1. Industrial Development Board and its Permanent Committee	195.3	(21.6)	(5.9)	-	(8.0)	-	120.7	280.5
2. Third General Conference of UNIDO	78.9	(6.6)	3.7	6.1	7.4	3.3	75.1	167.9
B. Executive direction and management	248.0	9.0	-	-	-	-	-	257.0
C. Programmes of activity								
1. Policy co-ordination	10.5	(139.5)	-	-	(1.7)	(3.3)	-	(134.0)
2. Industrial studies and research	(2 335.6)	(8.1)	-	(1.5)	-	-	537.2	(1 808.0)
3. Industrial operations	(0.7)	98.0	-	-	-	-	-	97.3
D. Programme support								
1. Conference services, public information and external relations	(1 771.0)	(16.8)	-	193.7	-	-	253.7	(1 340.4)
2. Administration and common services	(483.9)	22.7	-	-	(1.5)	-	422.2	(40.5)
Total	(4 058.5)	(62.9)	(2.2)	198.3	(3.8)	-	1 408.9	(2 520.2)

SECTION 17. UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

I. Programme developments

17.1 Proposals for a revised programme budget of the United Nations Industrial Development Organization (UNIDO) for 1981 in the light of the outcome of the Third General Conference of UNIDO were submitted to the General Assembly at its thirty-fifth session. ^{1/} In the comments which follow, the work programme of the organization is to be understood as embodying the changes introduced for 1981 following consideration of those proposals by the Assembly. These changes include the introduction of two new activities which, because of their key importance, were located within the Office of the Executive Director. A Co-ordination Unit for the Industrial Development Decade for Africa was established to co-ordinate activities of UNIDO with those of the Economic Commission for Africa and the Organization of African Unity, in particular, and of other concerned organizations. A Special Advisory Group on Energy was established under the supervision of the Special Assistant to the Executive Director and has been working on the identification of the main features of a "UNIDO industrial energy programme" and in the co-ordination of energy-related activities within the organization.

17.2 UNIDO has reported that its work programme was being carried out essentially as set forth in the programme budget for the biennium 1980-1981, as modified after the Third General Conference. Significant changes are indicated in the following paragraphs.

The Industrial Development Board and its Permanent Committee

17.3 The Industrial Development Board held a brief special session in October 1980, in addition to the two regular sessions.

Third General Conference

17.4 The Third General Conference of UNIDO was held at New Delhi, India, from 21 January to 9 February 1980. The follow-up to the Conference has been a major concern of the Board and the UNIDO secretariat throughout the current biennium.

Executive direction and management

17.5 An internal task force chaired by the Chief of the Co-ordination Unit for the Industrial Development Decade for Africa has elaborated a contribution by UNIDO to a joint UNIDO/ECA/OAU programme for the decade, as well as technical co-operation projects to be carried out at regional and subregional levels. The Special Advisory Group on Energy has participated actively in the preparatory work for the United Nations Conference on New and Renewable Sources of Energy, as well as in the preparation of papers for a variety of other meetings convened to consider special energy-related topics.

^{1/} A/C.5/35/44 and Corr.1.

Policy co-ordination

17.6 As participating and executing agency of the United Nations Development Programme (UNDP), UNIDO shifted the emphasis of its pre-implementation activities to some extent from the formulation, appraisal and approval of individual projects towards preparation for the third country programming cycle (1982-1986).

17.7 In connexion with the third country programming cycle 45 missions will have been fielded to developing countries, of which 13 to least developed countries. Missions were also fielded to regional groupings in Africa, such as the Economic Community of West African States (ECOWAS). Particular attention has been given to the least developed countries, not only in the context of UNDP programming missions. A tentative programme of technical assistance was elaborated for 20 African least developed countries in the context of the Industrial Development Decade for Africa and UNIDO participated actively in the preparation of the United Nations Conference on the Least Developed Countries.

17.8 Programming activities related to the United Nations Industrial Development Fund (UNIDF) continued to expand. Projects with a value of more than \$30 million will have been approved during the biennium, compared with \$25 million during 1978-1979. However without further increase in the annual level of contributions to this Fund the rate of project approval may have to be reduced.

17.9 Among the evaluation activities during the biennium, one concerned with industrial training was sponsored by UNDP and undertaken in co-operation with ILO and UNESCO, this was complemented by an internal evaluation of field training projects financed by UNIDF. As the prototype of a programme of desk evaluations, a sample of completed projects of the Special Industrial Services programme was reviewed in 1981.

17.10 With the aim of promoting co-operation between developing countries for industrialization, four solidarity meetings at the ministerial level have been held. Their purpose is to explore specific ways in which the developing countries whose representatives are invited to the meeting can co-operate in industrial development of the host country, generally one of the least developed countries.

17.11 The Industrial Development Board decided at its fourteenth session to establish the system of consultations within UNIDO on a permanent basis as a forum for developed and developing countries in their contacts and consultations directed towards the industrialization of developing countries.

17.12 During the biennium consultations were held on six sectors: leather and leather products, fertilizers, pharmaceuticals, petrochemicals, capital goods and food processing. A planned global consultation on the training of industrial manpower will be deferred until 1982. Preparatory activities undertaken by UNIDO secretariat during the biennium were concerned not only with these six consultations but also with others which the Board decided at its fifteenth session should be held during the biennium 1982-1983, including one in a new sector, namely, the wood and wood products industries.

17.13 At the request of the Board at its fourteenth session, the draft rules of procedure for the system of consultations were revised. Following consultations with member States by the President of the Board, they were submitted through the Permanent Committee to the Board at its fifteenth session. Since complete agreement could not be reached on the revised draft, the question is due to be taken up by the Permanent Committee at its sixteenth session.

17.14 With the authorization of both the Industrial Development Board and the Trade and Development Board, a second meeting was held of the Ad Hoc UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements.

Industrial operations

17.15 Implementation of field projects financed from all extrabudgetary sources of funds is expected to result in expenditures totalling \$151 million in the biennium (sect. (2) (b) in table 17.1 above). The resources of this programme are also used, jointly with those of the policy co-ordination programme, in programme planning and project formulation. Because of their specialized expertise, UNIDO staff drew up project concepts and proposals for the Interim Fund for Science and Technology for Development (IFSTD) and were invited to join IFSTD staff in preparatory field missions to finalize project documents. There is a newly emerging tendency that some UNIDO field projects are much greater in size and technical complexity than any which had been entrusted to UNIDO for execution in the past. Such projects make heavy calls on the time of headquarters staff.

17.16 The energy sector was accorded particular importance, with large projects covering biofuels technology; refinery operations to produce petroleum products; the utilization of flared and natural gas; and equipment and technology for mini-hydro-electric power generation and for harnessing solar energy. As part of the follow-up to the Third General Conference of UNIDO, an expanded energy programme has been launched, co-ordinated by the Special Advisory Group on Energy. An industrial energy engineering unit has been established in the industrial operations programme to implement energy-related technical co-operation projects.

17.17 Pre-investment activities continue to play an important part in the work programme of UNIDO. Proposals for industrial investment are formulated and promoted; industrial projects for financing by the World Bank Group are identified and prepared; investment promotion meetings are organized with the aim of mobilizing financial and other investment resources for industrial projects in developing countries. The current biennium has seen an expansion in the number of UNIDO Investment Promotion Services established in industrial and in the more advanced developing countries.

Industrial studies and research

17.18 Computer-based modelling activities have been concerned with the disaggregation of the Lima target for the share of developing countries in world industrial production by the year 2000 and, in collaboration with UNCTAD, with analysing the implications of that target for international trade in manufactures

and semi-manufactures. Work has also continued on industrial redeployment to developing countries and the related problems of structural adjustment. Greater emphasis has been given to long-term development issues such as the use of energy in industrialization and human resource development for industry, including the effective integration of women in industrial development. In the work programme of regional and country studies emphasis has shifted to the requirements of the Industrial Development Decade for Africa, to the least developed countries generally and to selected land-locked developing countries. In order to give further substantive and statistical support to work on various sectors of industry, inter-sectoral research activities have been undertaken.

17.19 Promotional activities for the development and transfer of technology have been stepped up, particularly those which render assistance to Governments in the development of technology policies and programmes and in the elaboration of measures to generate increased flows of more appropriate technology to developing countries. Special attention has been given to areas where technological breakthroughs are taking place in developed countries and there is an urgent need to assess the implications for industrialization in developing countries. Some expansion has been achieved in the number of industrial sectors covered by the Industrial and Technological Information Bank (INTIB).

17.20 The significant expansion in the activities described above has been achieved largely by redeployment of resources and the discontinuation of work or the reduction of activities in other areas of the programme.

Conference services, public information and external relations

17.21 The Conference Service will have organized and serviced about 950 half-day (3-hour) UNIDO meetings at Vienna and elsewhere. In addition to the Third General Conference and sessions of the Industrial Development Board and its Permanent Committee, these meetings include Consultations and preparations therefore within the framework of the system of consultations, as well as expert groups under the industrial studies and research programme.

17.22 The main task of the public information component in this programme at the beginning of 1980 was the coverage of the Third General Conference. To strengthen contacts and working relations with Vienna-based foreign correspondents and Austrian journalists, permanent accreditation of media representatives to UNIDO was introduced and more extensive facilities made available. Following the move to the Vienna International Centre and the consequent influx of visitors, an increasing amount of time has been spent on briefings and information seminars. A regular visitors' service was inaugurated in May 1980. The Public Information Section covers other United Nations meetings held in Vienna and serves as United Nations Information Service for Austria.

17.23 In the area of external relations, UNIDO, as in previous years, developed its relations with Governments and with interregional, regional and subregional intergovernmental organizations. Other activities included promoting and encouraging the development of National Committees for UNIDO; soliciting

contributions to the United Nations Industrial Development Fund; preparing and negotiating co-operation arrangements with intergovernmental organizations; and work undertaken within the institutional framework of joint UNIDO/national centres or programmes.

17.24 In 1980, the Secretary-General of the United Nations established new procedures under which the accreditation of Permanent Representatives to UNIDO could cover all organs of the United Nations and all meetings held in Vienna under the auspices of the United Nations. The secretariat of UNIDO was the instrument in bringing about a number of changes to this effect.

Administration and common services

17.25 In addition to its ongoing functions, the units in this programme continued to discharge certain administrative and financial responsibilities on behalf of other units of the United Nations Secretariat relocated in Vienna from Geneva and New York, as well as operating certain common services for all occupants of the Vienna International Centre. While the requisite staff and other resources for servicing the non-UNIDO units relocated in Vienna are provided in section 28M of the programme budget, the direction of these services, excluding the security services, has remained with UNIDO. Matters of interagency concern have therefore assumed greater importance at senior management levels.

II. Revised budget estimates (Decrease: \$2,520,200)

17.26 The total requirements of UNIDO for the present biennium are now estimated at \$72,849,100 or \$2,520,200 less than the revised appropriation of \$75,369,300 approved by the General Assembly at its thirty-fifth session. As indicated in table 17.2, the savings due to more favourable rate of exchange than assumed in the revised estimates, \$4,605,600, are partially offset by increases in the inflation rate, \$692,200, over assumed levels, and also by increases due to the other changes, \$1,393,200.

17.27 The redeployment of resources between programmes is quite significant. The objects of expenditure most affected by the redeployments are salaries and common staff costs which have been appropriated on the basis of cost standards for the duty station Vienna. Redeployments of general temporary assistance, overtime, consultant services, travel and jointly-financed activities are also required as the needs of individual programmes for each object of expenditure could not be anticipated to any exact degree in advance of the execution of the work programme. Nevertheless, it should be noted that, with only one exception, these redeployments between programmes have been limited to the revised appropriations for each object of expenditure. The one exception results from the establishment of jointly-financed activities at the Vienna International Centre. Staff resources approved for the UNIDO Library under the Industrial Studies and Research Programme (consisting of three Professional and four General Service posts) and for UNIDO's printing shop approved under Conference services, public information and external relations (consisting of four General Service and four Manual Worker posts) have been assigned to jointly-financed activities as part of UNIDO's contribution to these activities which are operated by IAEA.

Salaries and common staff costs (Decrease: \$4,058,500)

17.28 The net decrease derives from the following objects of expenditure falling within this category:

	\$
(a) Established posts	(2,949,800)
(b) Temporary assistance for meetings	86,100
(c) General temporary assistance	(11,500)
(d) Consultants	(14,500)
(e) Overtime and night differential	(33,900)
(f) <u>Ad hoc</u> expert groups (8,700)	
(g) Language training	(14,000)
(h) Common staff costs	(1,112,200)
Total	<u>(4,058,500)</u>

(a) Established posts (Decrease: \$2,949,800)

17.29 The estimated reduction of \$2,949,800 under established posts is attributable to an adjustment for favourable rates of exchange (\$3,339,000), offset by increases due to inflation (\$321,600), to the vacancy situation being lower than the standard turnover deduction (\$438,900), and to net increases in the salary costs in Vienna over standard for 1981 (\$269,600). The resulting reduction of \$2,308,900 so obtained should then be further reduced by an amount of \$640,900, redeployed to jointly-financed activities. This amount represents the costs of four General Service and four Manual Worker posts in the Division of Conferences, Public Information and External Relations which were assigned to UNIDO's printing shop (\$266,600) and of three Professional staff and four General Service posts in the industrial studies programme which were previously assigned to the UNIDO Library (\$374,300). These incumbents were transferred to the respective units in IAEA which are jointly financed and their salaries are now charged to the appropriate cost centres. The redeployments of these amounts to jointly-financed activities provide the resources to pay the UNIDO share of the relevant common services.

(b) Temporary assistance for meetings (Increase: \$86,100)

17.30 Increases shown under temporary assistance for meetings result from higher than expected costs for the Third General Conference of UNIDO, held at New Delhi, India from 21 January to 9 February 1980 which was extended by one day, and from additional requirements for the sessions of the Industrial Development Board and its Permanent Committee. The latter increase has been caused partly by changes in the nature of the sessions of the Board and the Permanent Committee, involving a larger number of smaller meetings, thereby adding to the requirements for interpreters and translators. In 1981, 822 interpreter days are required as

/...

against 551 in 1980. Increases have also occurred because UNIDO was unable to absorb, through its permanent staff, the increased translation workload arising from the large volume of documentation required for the Board.

- (c) General temporary assistance (Decrease: \$11,500)
- (d) Consultants (Decrease: \$14,500)
- (e) Overtime and night differential (Decrease: \$33,900)
- (f) Ad hoc expert groups (Decrease: \$8,700)
- (g) Language training (Decrease: \$14,000)

17.31 The decreases under these objects of expenditure are due only to the combined effects of inflation and exchange rates.

- (h) Common staff costs (Decrease: \$1,112,200)

17.32 The decreased requirements under common staff costs are proportional to the decrease under established posts and include an increase associated with the lower vacancy rates (\$191,000) and inflation (\$111,000). These increased costs are offset by savings due to exchange rates (\$668,400) and to variances between actual costs and standard costs (\$547,200). Furthermore, an amount of \$198,600 is being redeployed to jointly-financed activities, for the reasons given in paragraph 17.29 above. \$82,600 of the amount redeployed relates to the posts transferred to the Common Printing Service and \$116,000 relates to the posts transferred to the Library.

Travel (Decrease: \$62,900)

17.33 The combined effects of inflation and rates of exchange result in a decrease of \$56,300. A further decrease of \$6,600 is due to lower than anticipated travel of participants to meetings.

Printing (Decrease: \$2,200)

17.34 This decrease is due to the effects of currency fluctuations.

Other contractual services (Increase: \$198,300)

17.35 Increased requirements for external translation and interpretation (\$162,300) and photo-visual materials (\$37,500) and a decrease in the requirements for other specialized services (\$1,500) are included in the total increase of \$198,300 for the objects of expenditure included in this category. Contractual translation is being increasingly used to cope with the workload of conference services as this has proved to be more economical than the use of permanent staff. The high demand for Chinese translation has, to a large extent, been met through external translation.

17.36 Despite stringent controls, the appropriation of \$31,600 for photo-visual materials has been overspent. It became evident that the original estimate for this object would not enable the Public Information Section to maintain an adequate level of activity.

/...

General operating expenses (Decrease: \$3,800)

17.37 The decrease of \$3,800 for the objects of expenditure in this category is due to minor changes in the requirements.

Other (Increase: \$1,408,900)

17.38 The objects of expenditure within this category all relate to jointly-financed activities in respect of printing, library, computer, housing and medical services. Additional requirements, after taking account of inflation and rates of exchange, total \$1,408,900, of which \$839,500 have been met through the redeployment of staff resources described in paragraphs 17.29 and 17.32 above, and the balance of \$569,400 discussed in the following paragraphs, is broken down as follows:

	\$
(a) Joint printing	100,300
(b) Joint library service	46,900
(c) Joint computer, housing and medical service	422,200
Total	<u>569,400</u>

17.39 As to (a) joint printing, the initial system of job-costing in the Common Printing Service failed to recover the total cost of the operation through the charges thus levied for the volume of work executed. A deficit was incurred in 1980 with a further deficit expected in 1981. In accordance with the provisions of the Memorandum of Understanding entered into by the participating organizations which established the Service, UNIDO's share of the shortfall is estimated at \$153,000 for the biennium. After taking account of the combined effects of inflation and rates of exchange, an increase of \$100,300 has been reported.

17.40 The increase under (b) Joint Library Service, which is managed by IAEA, is due to unforeseen higher costs of computer services and printing.

17.41 A shortfall in respect of the joint housing service cost in 1980-1981 (\$20,000) represents the obligations incurred in the preceding biennium, which, due to delays in processing, were not recorded in the accounts of that biennium. In this regard, it should be noted that the jointly-financed activities were established in late 1979 and some delay in the processing of charges was experienced. UNIDO's share of the costs of joint medical services, increased by \$122,500, attributed to the increase in the range of services provided by the Medical Service at the Vienna International Centre. Increased requirements for computer services of UNIDO of \$279,700 are due to a higher than anticipated level of computer usage and to additional cost for the rental and maintenance of electronic data processing equipment.