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BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1972

Revised estimates for section 16, United Nations
Industrial Development Organization

Report of the Secretary-General

1. In paragraph 16.7 of the Budget Estimates for the Financial Year 1972 (A/8406), it was indicated that the appropriations provisionally requested under section 16 were based on the cost of continuing in 1972 the same level of operations as carried out in 1971. Thus, appropriations submitted in the initial budget estimates did not take into account the additional resources that would be required to implement the enlarged 1972 work programme recommended by the Fifth Session of the Industrial Development Board and the Special Industrial Conference on UNIDO.
2. The work programme of UNIDO for 1972 was examined and approved by the fifth session of the Industrial Development Board in May 1971. The Board requested that in the implementation of the programme, within the resources available and to be made available, the Secretariat should take into consideration the observations expressed in the Working Group on Programme Co-ordination and in the Board itself as recorded in the Board's report.^{1/}
3. The work programme approved at the fifth session of the Industrial Development Board includes elements of increased activity that seek to translate into programmed action the guidelines which had been previously drawn by the Board and

^{1/} Official Records of the General Assembly, Twenty-sixth Session,
Supplement No. 16 (A/8416).

the trend towards a higher level of technical co-operation activity as expressed in the requests for assistance received from the developing countries.

4. Programme projections made on the basis of technical co-operation projects already approved for implementation and of known projects at different stages of planning and programming indicated an increased trend of growth over that observed during the period 1969 to 1971, when the volume of technical co-operation programmes implemented by UNIDO had increased from \$9 million to about \$17.5 million, or approximately 40 per cent per year. Considering, however, that operational, administrative and financial limitations might prevent the growth rate from continuing to increase at the rates obtained so far, the 1972 programme has been designed on the basis of a probable increase in the delivery of technical co-operation projects in the order of only \$4.5 million for 1972, bringing the level of delivery expected in 1972 to a total of approximately \$22 million, or 26 per cent over the level of delivery in 1971.

5. An increased technical co-operation programme necessarily entails a complement of direct planning, programming and back-stopping services which, under the present conditions, could be only partially covered by the UNDP overhead contribution. An increased programme requires a corresponding programme of substantive support that is compatible with the programme of operational activities and provides the essential elements of creativeness and cohesion in the programme of work. Under these circumstances, UNIDO must also foresee increased indirect administrative costs if both the operational and supporting programmes are not to suffer for the lack of adequate administrative services. The Industrial Development Board has, furthermore, called upon the Secretariat to accentuate and extend the work of the organization in the co-ordination of activities in the industrial development field, both within and outside the United Nations family of organizations, and the systematic evaluation of its own activities.

6. The Secretary-General is mindful of these requirements and of the need to provide UNIDO with resources adequate to fulfil its tasks given the expectation of growth in its technical co-operation programmes. He is persuaded, at the same time, that in the difficult financial circumstances in which the United Nations finds itself at the present time a measure of budgetary restraint is called for as well as every effort to make the most intensive possible use of existing

resources. The additional resources requested for UNIDO in paragraph 8 below represent, in his view, a reasonable minimum to enable that organization to meet its responsibilities in 1972. Moreover, the proposed form in which these credits would be made available would make it possible to use them in a flexible manner to ensure maximum effectiveness.

7. The Advisory Committee on Administrative and Budgetary Questions in its first report^{2/} on the budget estimates for the financial year 1972, indicated that it saw some merit in a situation where UNIDO's establishment would not be fully filled by regular incumbents. Indeed from the time of the establishment of UNIDO, the organization has faced continuing problems in recruiting qualified personnel and has had a high rate of turnover in its staff. This is due to the particularly intensive competition between UNIDO and Governments and other employers prevailing in the industrial field, coupled with what seems to be the desire of technical personnel in industry not to commit themselves for long periods of time to jobs away from a particular industry itself. UNIDO has had recourse, therefore, to the expedient which is in reality more suitable to its needs, that is to employ a relatively large number of staff on a short-term basis. This approach is indeed suitable to the peculiar conditions of UNIDO's work, which often requires, for short periods of time, personnel highly specialized in a narrow segment of industry. Personnel so recruited have been charged against regular established posts thus distorting somewhat the manning table picture since UNIDO would thus require a larger number of established posts than would otherwise be necessary. In these circumstances some posts remain unencumbered during longer periods of time than might be the usual average for unencumbered posts in the United Nations Secretariat as a whole.

8. After consideration of the above factors and, at the same time, not wishing to increase the number of established posts under section 16 of the regular budget, an appropriation of \$400,000 (inclusive of staff assessment totalling approximately \$80,000) under chapter III of section 16 is being requested for the purpose of appointing staff on a short-term basis with the needed qualifications and, as required, for the implementation of those parts of UNIDO's work programme that lend themselves to the application of this procedure. An amount of \$50,000 is also requested for related common staff costs under chapter IV of section 16.

^{2/} Ibid., Supplement No. 8 (A/8408).

SUMMARY OF ADDITIONAL APPROPRIATION REQUESTED

SECTION 16. UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Chapter III, Salaries and wages	\$400,000
Chapter IV, Common staff costs	<u>50,000</u>
	<u>\$450,000</u>
 Increase in income section I, Staff assessment	 <u>\$ 80,000</u>
