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PROGRAMME BUDGET FOR THE BIENNIUM 1978-1979

Budget and programme performance of the United Nations  
for the biennium 1978-1979

Report of the Secretary-General

Addendum

Section 12. United Nations Industrial Development Organization

## SECTION 12. UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Table 12.1

(in thousands of United States dollars)

A. Regular budget						
Revised appropriation 1978-1979	Estimated additional requirements					Total revised estimate
	Inflation	Rates of exchange	Decisions of policy-making organs	Other changes	Total	
66 883.2	-	584.8	-	(1 554.3)	(969.5)	65 913.7

B. Extrabudgetary resources (substantive and administrative support)		
Previously estimated expenditures 1978-1979	Source of funds	Revised estimate
9 965.0	UNDP overhead (indicative planning figure and cost sharing)	11 292.0
959.0	Special industrial services fund and programme reserve	1 092.0
241.0	General trust fund	563.0
576.0	United Nations Industrial Development Fund	3 239.0
251.0	Other trust funds	1 414.0
990.0	UNIDO/IBRD Co-operative Programme	986.0
12 982.0	Total, B	17 586.0

79 865.2	Total, A and B	83 499.7
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C. Extrabudgetary resources (operational projects)		
Previously estimated expenditures 1978-1979	Source of funds	Revised estimate
67 300.0	UNDP (indicative planning figure and cost sharing)	75 500.0
7 200.0	UNDP (programme reserve)	7 800.0
170.0	Special Industrial Services Trust Fund and programme reserve	100.0
4 200.0	General trust fund	4 000.0
10 000.0	United Nations Industrial Development Fund	16 000.0
1 600.0	Other trust funds	10 000.0
90 470.0	Total, C	113 400.0

170 335.2	Total, A, B and C	196 899.7
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Table 12.2

Regular budget: distribution of revised estimates by programme  
(in thousands of United States dollars)

Programmes	Revised appropriations 1978-1979	Estimated additional requirements						Total 1978-1979 revised estimates
		Inflation	Rates of exchange	Decisions of policy-making organs	Redeployment	Other changes	Total	
A. Policy-making organs:								
1. Industrial Development Board and its Permanent Committee	1 451.4	-	17.3	-	(117.0)	-	(99.7)	1 351.7
2. Third General Conference of UNIDO	289.3	-	8.9	-	35.6	265.7	310.2	599.5
B. Special meetings and conferences	122.3	-	0.9	-	(0.4)	(11.1)	(10.6)	111.7
C. Executive direction and management	894.0	-	9.4	-	114.6	(25.7)	98.3	992.3
D. Programmes of activity:								
1. Policy co-ordination	8 477.6	-	71.9	-	396.5	(263.9)	204.5	8 682.1
2. Industrial operations	13 022.4	-	98.3	-	931.8	(1.1)	1 029.0	14 051.4
3. Industrial studies	13 844.3	-	92.3	-	(480.2)	(506.8)	(894.7)	12 949.6
E. Programme support								
1. Conference services, public information and external relations	14 431.8	-	145.3	-	(792.8)	(844.6)	(1 492.1)	12 939.7
2. Administration and common services	14 350.1	-	140.5	-	(88.1)	(166.8)	(114.4)	14 235.7
Total	66 883.2	-	584.8	-	-	(1 554.3)	(969.5)	65 913.7

Table 12.3

Regular budget: distribution of estimated additional requirements  
by programme and by main object of expenditure  
(in thousands of United States 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	(160.9)	13.8	(2.0)	-	51.9	-	(2.5)	(99.7)
2. Third General Conference of UNIDO	319.4	(9.2)	-	-	-	-	-	310.2
B. Special meetings and conferences	63.0	(20.7)	-	-	(54.0)	-	1.1	(10.6)
C. Executive direction and management	74.3	8.3	-	-	11.6	4.1	-	98.3
D. Programmes of activity:								
1. Policy co-ordination	244.0	(57.9)	(0.4)	14.9	4.4	(0.5)	-	204.5
2. Industrial operations	933.0	98.4	(1.8)	0.3	(0.9)	-	-	1 029.0
3. Industrial studies	(948.7)	(14.1)	-	0.7	3.1	63.1	1.2	(894.7)
E. Programme support								
1. Conference services, public information and external relations	(1 631.0)	43.0	(91.5)	93.1	28.8	111.9	(46.4)	(1 492.1)
2. Administration and common services	(27.0)	(34.0)	(0.3)	0.2	83.3	(103.8)	(32.8)	(114.4)
Total	(1 133.9)	27.6	(96.0)	109.2	128.2	74.8	(79.4)	(969.5)

## SECTION 12. UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

### I. Programme developments

12.1 The United Nations Industrial Development Organization (UNIDO) has reported that its work programme was being carried out essentially as set forth in the programme budget for the biennium 1978-1979.

#### The Industrial Development Board and its Permanent Committee

12.2 The Permanent Committee will have held three, instead of the usual four, sessions during the biennium.

#### Third General Conference

12.3 An interregional preparatory meeting and a ministerial level meeting, for which no provision had been made in the 1978-1979 budget, will be organized in a Latin American country in December of 1979 in preparation for the Third General Conference.

#### Policy co-ordination

12.4 During the biennium activities shifted in emphasis from the co-ordination of UNIDO participation in United Nations Development Programme (UNDP) country programme exercises to the formulation, appraisal and approval of individual projects. The rate of approval of new projects increased dramatically. In 1978, 142 projects with a value of over \$52 million were approved and it is estimated that by the end of 1979 additional projects with a value of more than \$60 million will have been approved, to be financed from UNDP funds for country programmes. Projects with a total value of about \$8 million to be financed from the Special Industrial Services programme were approved during this biennium.

12.5 The United Nations Industrial Development Fund began its operations on 1 January 1978. As of the end of May 1979 some 268 projects with an allocation of about \$16.5 million in resources have been approved for implementation under priority programme components established for Fund activities.

12.6 Considerable progress was made in 1978 and 1979 in respect of evaluation. Two joint UNDP/UNIDO evaluation exercises were completed, namely one on the textile industry programme and one on industrial research and service institutes. As a result, guidelines and recommendations for ensuring the effectiveness and impact of future projects in these fields were developed. A supplementary UNIDO report on the textile programme contains additional guidelines and suggestions related to UNIDO-funded and related supporting activities in that sector.

12.7 Emphasis is currently being placed on the design, testing and installation of an internal system of project evaluation which will be largely based on self-evaluation by programme officers, backstopping officers and outposted UNIDO representatives. Terminal evaluations of projects will be conducted in order to benefit from experience and to identify necessary follow-up actions. The principal effort will be directed towards on-going projects in order to contribute to decision-making and to facilitate remedial action whenever required.

12.8 With regard to the establishment of a consultation system, the Industrial Development Board, at its tenth, eleventh and twelfth sessions, decided to hold four consultation meetings on industrial sectors during the biennium. These included the second meeting on the fertilizer industry at Innsbruck in November 1978, the second meeting on the iron and steel industry at New Delhi in January 1979, the first meeting on the petrochemical industry at Mexico in March 1978, and the first meeting on the agricultural machinery industry at Stresa in October 1979. A variety of preparatory activities took place in order to select and present the most important issues and the relevant supporting material for discussion. The activities included meetings of small groups of individual experts, and preparatory meetings at the regional and global levels. The recommendations of the consultation meetings included the preparation of model long-term contracts for the installation of industrial plants and the writing of medium-term scenarios relating to the evolution of a specific industry world-wide.

12.9 Draft rules of procedures were prepared related to the possibility of establishing the system of consultations on a permanent basis.

#### Industrial operations

12.10 In 1978 implementation of field activities financed from all sources of funds, including the regular programme of technical assistance, amounted to \$54.9 million, representing an increase of 25 per cent over 1977. The field activities in 1978 involved a total of some 2,154 projects, mainly financed from UNDP sources (76.9 per cent) followed by the United Nations Industrial Development Fund (19 per cent) and regular programme (4.0 per cent). The estimated programme delivery for 1979 is expected to be about \$63 million.

12.11 One major activity not described in the proposed programme budget for 1978-1979 was the preparation of a large meeting in Zurich on development banking in the 1980s, with participation by approximately 400 senior development banking officials from more than 80 countries. As a new activity, the Investment Co-operative Programme Office (ICPO) assisted the People's Republic of China in the design of their new joint venture law.

12.12 A world-wide information service on external sources of financing for industrial projects in developing countries has been set up and a guide entitled "Financial Resources for Industrial Projects in Developing Countries" has been completed and distributed globally.

12.13 The computer-based modelling activities of the industrial studies programme are expanding and increased attention is being devoted to such significant aspects as industrial redeployment and structural adjustment, the role of the public sector in development, and the utilization of natural resources, while an extended series of country studies and country-oriented industrial development profiles have been completed.

12.14 The pilot operation of an Industrial and Technological Information Bank, to serve the technology selection process, was completed in 1978, analyzed by a group of experts and, as subsequently recommended by the Industrial Development Board at its thirteenth session, established as an ongoing activity of UNIDO.

## Programme support

### 1. Conference services, public information and external relations

#### (a) Conference services and the Secretariat of the Industrial Development Board

12.15 The Conference Services Section will have organized and serviced about 135 UNIDO meetings at Vienna and elsewhere, in addition to providing assistance in organizing, and in some cases also servicing, 17 United Nations meetings not directly connected with UNIDO, as well as other international meetings at Vienna.

#### (b) Public information

12.16 The move to the Vienna International Centre placed great demands on these services in terms of information requirements, due to the greater interest shown by both governmental and non-governmental organizations in Austria and by the general public.

#### (c) External relations

12.17 Extensive travel had to be undertaken in connexion with pledging conferences. A promotional booklet on the United Nations Industrial Development Fund was prepared in this context. A number of working arrangements were formulated with intergovernmental organizations: a meeting of Westafrican Non-Governmental Organizations is scheduled for December 1979. In addition, the co-operation with national committees has been reactivated.

### 2. Administration and common services

12.18 The provision of recruitment and financial administration assistance to the units moving to Vienna from Geneva and New York together with the extra demand created by the need to ensure a smooth relocation from the temporary headquarters to the permanent installation at the Vienna International Centre, have contributed to the higher level of utilization of resources.

## II. Revised budget estimates (Decrease: \$969,500)

12.19 The total requirements of UNIDO for the present biennium are now estimated at \$65,913,700 or \$969,500 less than the revised appropriation of \$66,883,200 approved by the General Assembly at its thirty-third session.

12.20 As indicated in table 12.2 above, increases due to a less favourable rate of exchange than assumed in the revised estimates (\$584,800) are more than offset by savings due to other changes (\$1,554,300). The exchange rate used for 1979 in the revised estimates was 14.00 Austrian schillings to the United States dollar, as compared with an actual average of 13.49 based on the actual exchange rate for the first nine months of 1979 and the September 1979 rate projected to the end of the year. No adjustment has been made in respect of inflation since the rate used in the appropriation proved to be adequate.

12.21 The changes in the distribution of estimated requirements by programme and object of expenditure, as reflected in table 12.3 above, are analysed in more detail in the following paragraphs.

Salaries and common staff costs (Decrease: \$1,133,900)

12.22 The estimated savings of \$1,133,900 are due to an anticipated surplus under common staff costs (\$1,513,200), consultants (\$37,700) and ad hoc expert groups (\$35,100), offset in part by increases under established posts (\$135,700), temporary assistance for meetings (\$296,400) and general temporary assistance (\$13,800).

12.23 As regards the surplus under common staff costs (\$1,513,200), it has been reported that the average rate of common staff costs is 31.0 per cent in respect of established posts, as compared to an estimated 34.8 per cent provided for in the revised estimates. In this connexion, the Advisory Committee on Administrative and Budgetary Questions, in its first report on the proposed programme budget for the biennium 1980-1981, 1/ noted that experience in 1978 showed a rate of 28.8 per cent for Vienna and recommended that the rate for common staff costs be set at 31 per cent.

12.24 The savings under consultants (\$37,700) partially reflect the Secretary-General's policy of restraint pursuant to the request in General Assembly resolution 32/209, offset by the need to compensate to some extent for the effect of currency losses under this object of expenditure.

12.25 The savings under ad hoc expert groups (\$35,100) are directly related to the Secretary-General's policy of restraint pursuant to the request in General Assembly resolution 32/209.

12.26 The shortfall under established posts (\$135,700) is attributable to the movement of post adjustments in Vienna from class 13 + 5 to class 14 + 1, and is based on the average of the actual classes of post adjustment from January 1978 to September 1979, projected to the end of the year. This increase was offset to some degree by a vacancy rate of 10 per cent, which was slightly higher than originally anticipated.

12.27 The increase under temporary assistance for meetings (\$296,400) relates almost exclusively to the conclusion of preparations for the Third General Conference referred to in paragraph 12.3 above.

12.28 The increase (\$13,800) under general temporary assistance (\$13,800) stems from fluctuations in the rate of exchange.

Travel (Increase: \$27,600)

12.29 The increase under this object of expenditure is attributable solely to currency fluctuations.

Printing and other contractual services (Increase: \$13,000)

12.30 The increases under these objects of expenditures are essentially attributable to fluctuations in the rate of exchange.

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1/ A/34/7, para. 20.



General operating expenses (Increase: \$128,200)

12.31 A net decrease of \$16,900 occurred under rental and maintenance of premises. On the one hand, savings of \$54,000 were achieved because the Austrian Government, on an exceptional basis, provided the Hofburg facilities free of charge for purposes of meetings of the Intergovernmental Committee of the Whole. This was offset by increases in rental costs of the Hofburg facilities with respect to meetings of the Industrial Development Board and the Permanent Committee.

12.32 The increase under rental and maintenance of equipment (\$100,300) is due to the fact that UNIDO had to rely on outside contractors for the renting of computer terminals and reproduction and photocopying equipment. It had been anticipated originally that the facilities of IAEA could be made fully available and that the related expenditures could be met from the provision made under jointly-financed activities with the IAEA. As an offsetting factor, savings of \$57,800 will be achieved under the latter account.

12.33 The increase under miscellaneous services (\$11,800) is entirely attributable to increased activities in connexion with public information and external relations (see para. 12.16 and 12.17 above).

Supplies, materials, furniture and equipment (Increase: \$74,800)

12.34 At the thirty-third session of the General Assembly, it was anticipated that all library services of UNIDO would be integrated with those of IAEA and other units relocated to Vienna. A provision of \$63,100 was therefore transferred by the General Assembly from section 12 to 22M. However, as the plans for the establishment of the joint library did not materialize as initially planned, UNIDO has continued to bear the costs of purchases of library books.

Other (Decrease: \$79,400)

12.35 The decrease under this object of expenditure relates for the most part to savings under jointly-financed activities with IAEA, as referred to in paragraph 12.32 above.