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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Proposals of the Secretary-General for the draft programme budget of UNIDO for 1980-1981 in response to the request in paragraph 3 of the draft resolution contained in document A/C.5/34/L.42

1. Under the terms of paragraph 2 of the draft resolution contained in document A/C.5/34/L.42, the General Assembly would reiterate that the programmes being developed by the United Nations Industrial Development Organization in the system of consultations, the Industrial and Technological Information Bank, and technical assistance are of the utmost priority and urgency to developing countries, and hence the momentum of their growth must be maintained in the biennium 1980-1981.

2. Under the terms of paragraph 3 of the draft resolution the General Assembly would request the Secretary-General accordingly to submit, during the thirty-fourth session, proposals for the draft programme budget for 1980-1981, that would enable the United Nations Industrial Development Organization to execute the programmes on the consultation system, the Industrial and Technological Information Bank, and technical assistance, approved by the Industrial Development Board and endorsed by the Economic and Social Council.

A. System of Consultations

3. It will be recalled that at its thirteenth session, the Industrial Development Board (IDB) had decided 1/ inter alia, that:

- (i) For the biennium 1980-1981 consultations should receive high priority and should be convened, subject to completion of the essential preparatory arrangements on the following:

1/ A/34/16, para. 84.

1980

Second consultation meeting on the leather and leather products industry.
First consultation meeting on the food-processing industry.
First consultation meeting on the pharmaceutical industry.
Third consultation meeting on the fertilizer industry.

1981

Second consultation meeting on the petrochemical industry.
Second consultation meeting on the vegetable oils and fats industry.
First consultation meeting on the capital goods industry.
First consultation meeting on the training of industrial manpower.

- (ii) Preparations should continue for the convening of the Third consultation meeting on the iron and steel industry, the Second consultation meeting on the agricultural machinery industry, and the First consultation meeting on industrial financing which are to be held during the biennium 1982-1983.
- (iii) Regional and interregional consultation meetings should be convened subject to consideration by the Board.
- (iv) In order to ensure a larger participation of least developed countries in future consultation meetings, the participation of 50 participants from least developed countries in the consultations to be held in 1980-1981 should be financed from sources to be determined by the General Assembly.

4. In his proposed programme budget for the biennium 1980-1981, 2/ section 17 -- the United Nations Industrial Development Organization - the Secretary-General, had indicated that pending completion of the review of the Board's recommendations by the Economic and Social Council and the General Assembly, he had not considered it appropriate to propose any additional resources for the system of consultations in the programme budget for the next biennium. He had indicated, however, that it might be necessary to revert to this matter in the light of decisions taken by the General Assembly in this respect.

5. The Secretary-General, in his proposed programme budget for 1980-1981, had provisionally included an amount of \$2,702,100 for sub-programme 4 - System of continuing consultations on the equitable distribution of world industry - broken down by object of expenditure as follows:

2/ A/34/6, para. 17-6.

	US\$
Established posts and common staff costs (1 D-1, 2 P-5, 4 P-4, 4 P-3, 1 P-2, 7 GS)	1 723 100
Consultants	502 300
<u>Ad hoc expert groups</u>	352 300
Travel	109 200
Overtime	<u>15 200</u>
Total:	<u>2 702 100</u>

In addition, \$720,000 included under the programme for Conference services, public information and external relations had been earmarked for the system of consultations. The total provision made for the system of consultations in the initial 1980-1981 proposed programme budget was thus \$3,422,100.

6. As indicated above, the Secretary-General's budget proposals did not reflect the decision of the Industrial Development Board on the subject at its thirteenth session. The provisional figures therefore related to a level of activities in this area corresponding to that of the current biennium during which a total of four consultation meetings were held. On the other hand, during the thirteenth session of the Board the UNIDO Secretariat submitted a paper 3/ to the Board outlining the proposals it had submitted to the Secretary-General for inclusion in his proposed programme budget for the biennium 1980-1981 which was still under preparation at the time of the thirteenth session of the Board. Those UNIDO Secretariat proposals included, inter alia, provisions for 11 consultation meetings in 1980-1981 with related financial implications estimated by the UNIDO Secretariat at \$3,218,000. Following the decisions taken by the Board at that session on the subject of consultations, including the decision to convene 8 consultation meetings only during the biennium 1980-1981, the UNIDO Secretariat estimated that the additional resources required for their implementation would be \$1,200,000.

7. With regard to established posts, the UNIDO Secretariat had estimated that 8 additional Professional (2 P-5, 4 P-4 and 2 P-3) and 10 new General Service posts would be needed over and above the existing establishment of 12 Professional and 7 General Service posts. This estimate was based on the following criteria: Each industrial sector or common topic would need to be covered by one Professional staff member who would be responsible for collecting and analysing in-house and outside contributions concerning each respective area. In addition, as many of the sectors covered by the system of consultations are in fact interlinked, e.g. iron and steel, agricultural machinery and capital goods, it was deemed desirable that for each cluster of sectors a senior professional should be available to identify common topics, interlinkages, and to propose common solutions for each group of

3/ ID/B/230/Rev.1.

sectors. Furthermore, in view of the repeated requests received in the consultations held so far for the formulation of model contracts as part of the follow-up activities, it was proposed that a professional staff member be assigned to the continuous review of contractual, legal and other related aspects. Lastly, as many sectors covered by the system of consultations are the common concern of several organizations, within and outside the United Nations system, it was estimated that the services of a senior professional were required to co-ordinate these related activities in order to avoid any possible duplication. In summary, the number of professional staff was to be increased from 12 to 20. It was also estimated that the supporting general service staff would have to be increased from 7 to 17. The related cost was estimated at \$777,400.

8. The amount of \$1,200,000 would also have provided for consultants (\$185,000): ad hoc expert groups (\$137,600) and travel of representatives of the least developed countries (\$100,000).

9. Bearing in mind the policy of over-all budgetary constraint for the biennium 1980-1981, the following estimated requirements which differ from those set out in paragraphs 7 and 8 above are being submitted to the General Assembly as additional resources to those already approved by the Fifth Committee on first reading for the system of consultations in UNIDO.

Established posts

10. It is estimated that 3 additional Professional (2 P-5 and 1 P-4) and 2 new General Service posts will be needed immediately over and above the existing establishment of 12 Professional and 7 General Service posts, and that a further P-4 post should be approved for 1981. This estimate takes into account the desirability of having a professional staff member responsible for collecting and analysing in-house and external contributions with regard to each of the sectors or common topics covered by the system of consultations, as well as for the United Nations Conference on Trade and Development/United Nations Industrial Development Organization group of experts on trade and trade-related aspects of industrial development: it would also permit the assignment to senior professionals of the responsibility for identifying common topics and inter-linkages, and proposing common solutions for particular groups of sectors. It is estimated that the additional cost involved in 1980-1981 would be \$296,800.

Consultants

11. Considering the complexity and variety of the subjects covered through the sectoral approach, it is deemed necessary to establish a dialogue, on as complete and precise a technical and economic basis as possible, between specialists on the subject concerned and representatives of Governments and trade unions. The success of this dialogue depends on the accuracy of the inputs and on the way in which the different interests are taken into account in the solutions proposed. Hence, the need for specific in-depth expertise which cannot be expected from regular staff and which becomes more pressing as consultations develop a sharper focus on specific and concrete issues. It should be noted in this connexion that the provision made under this heading in the initial proposed programme budget for

1980-1981, or \$502,300 as indicated in paragraph 5 above, already involved a resource growth of \$186,000 to cover estimated needs in connexion with the examination of specialized topics relating to preparatory and follow-up activities in respect of meetings under the system of consultations. ^{4/} It is considered however, that 10 additional work-months of consultants' services should be requested to permit more adequate coverage of the expanded programme of consultations. The related additional cost is \$50,000.

Ad hoc expert group meetings

12. All sectoral consultations are generally preceded by preparatory meetings during which the elements of the problems involved are identified and analysed and the parameters of possible solutions worked out, taking into account the main trends in each sector and the multiplicity of interests that may be involved. Ad hoc expert group meetings are also convened to follow up the conclusions of consultation meetings calling for more specific analysis of problem areas and appropriate solutions thereto. This method of work is based on two considerations: the first one is the need for continuity in the dialogue established in the consultations in particular sectors; and the second is the fact that since the results of the consultation meetings are always based on consensus, the only way to maintain progress is to obtain the participation and views of all interested parties on as wide a geographical basis as possible. It should be noted in this connexion that the provision made under this heading in the proposed programme budget for 1980-1981, or \$352,300 as indicated in paragraph 5 above, already involved an increase of \$97,700. ^{5/} It is considered that in order to permit more adequate coverage of the expanded programme of consultations, an additional provision in the amount of \$30,000 should be requested to cover the cost of two expert meetings.

Participation of least developed countries

13. Lastly, with respect to the decision taken by the Board with regard to measures to encourage fuller participation of least developed countries in the consultation meetings, it should be recalled that under relevant resolutions of the General Assembly, including resolution 1978 (XVII), neither travel nor subsistence expenses may be paid in respect of members of subsidiary organs who serve as representatives of Governments, unless the resolution establishing the organ or subsidiary organ provides otherwise. Should the General Assembly decide, however, that the travel expenses of 50 representatives of the least developed countries could be charged against the regular budget, it is estimated that an additional sum of \$100,000 will be required for the biennium 1980-1981.

Summary

14. Accordingly, an additional appropriation of \$476,800 in respect of the system of consultations is requested under section 17 of the proposed programme budget for the biennium 1980-1981, broken down as follows:

^{4/} A/34/6, para. 17.30.

^{5/} Ibid., para. 17.32.

	\$
Established posts (salaries and common staff costs) (2 P-5, 2 P-4 and 2 GS)	296 800
Consultants	50 000
<u>Ad hoc expert groups</u>	<u>30 000</u>
Sub-total	376 800
Travel of representatives of the least developed countries	<u>100 000</u>
Total	<u>476 800</u>

15. The addition of these resources would provide a rate of real growth of 22.4 per cent for subprogramme 4, system of consultation, in the UNIDO programme budget.

B. Industrial and Technological Information Bank (INTIB)

16. In his proposed programme budget for the biennium 1980-1981, 6/ the Secretary-General had indicated that he had decided to defer submission of any proposals regarding the need for additional resources resulting from the Board's recommendation to establish INTIB as an on-going activity pending the review of this matter by the Economic and Social Council and the General Assembly. It should be noted in this regard that, when considering this matter, the Industrial Development Board had before it the paper 7/ referred to in paragraph 6 above which contained, inter alia, an initial budget estimate by the Secretariat of UNIDO that additional four Professional and six General Service posts, together with \$400,000 for consultants, would be required to establish INTIB as an on-going activity.

17. Taking into account the resources available to UNIDO for the pilot phase of INTIB, and on the assumption that INTIB would develop on the basis of phased growth, the following estimates are now being proposed to the General Assembly, again bearing in mind the policy of over-all financial prudence.

Established posts

18. Two Professional posts at the P-4 level are requested to accommodate two information experts with work experience in the industrial sector. Furthermore, three General Service posts are requested, one of which at the principal level for a research assistant. The related cost is estimated at \$226,700 for the next biennium, including salaries and common staff costs.

6/ Ibid., para. 17.7.

7/ ID/B/230/Rev.1.

Consultants

19. It is further requested that an amount of \$100,000 be provided for consultant services:

(a) To cover part of the cost of specific information provided by national technical information centres, governmental and non-governmental technical research and development institutes and professional associations;

(b) In connexion with the preparation and up-grading of coding manuals, analysis of data, and translation of materials for the information exchange systems of technology contracts;

(c) For the preparation of technology profiles for selected industrial sectors and the collection of information on indigenous technologies of the developing countries.

Summary

20. In summary, an additional appropriation of \$326,700 is requested under section 17 of the proposed programme budget for the biennium 1980-1981 in connexion with the establishment of the Industrial and Technological Information Bank as an on-going activity, summarized as follows:

	\$
Established posts (salaries and common staff costs) (2 P-4 and 3 GS)	226 700
Consultants	<u>100 000</u>
Total	<u>326 700</u>

21. As no resources were specifically appropriated for this activity in the 1978-1979 programme budget, it is not possible to provide a percentage of real resource growth with regard to INTIB. It is worth mentioning, however, that the additional resources referred to above would increase the rate of growth of the programme of Industrial Studies and Research, which includes INTIB as a subprogramme, by 3.2 per cent.

C. Technical Assistance Programme

22. With regard to the programme of technical assistance the proposed programme budget for 1980-1981 8/ pointed out: "In resolution 33/78 of 15 December 1978, on industrial development co-operation, the General Assembly reaffirmed that \$50 million was the desirable annual funding level for the Industrial Development

8/ A/34/6, para. 17.3.

Fund and that this level should be achieved in so far as possible during 1979. The target set for expenditures on operational projects by the United Nations Industrial Development Organization in 1980-1981 is \$176 million, which represents an increase of about 50 per cent compared with 1978-1979. An increase in fund-raising activities and in the productivity of project formulation and implementation will be necessary to achieve this target. Although some increase in resources financed from the regular budget might be in order in respect of support costs to improve the prospects of meeting the programme delivery targets, the Secretary-General has decided not to seek additional resources for this purpose at this time, in response to the calls for budgetary restraint reflected in recent General Assembly resolutions. Instead, reliance will be made on the pro rata increase in extra-budgetary resources arising from reimbursement of support costs and on achieving improvements in productivity in the activities of the organizational units of the United Nations Industrial Development Organization which are involved in operational activities."

23. In this regard, the Industrial Development Board had before it, at its thirteenth session, the paper 9/ referred to in paragraph 6 above which contained inter alia an initial budget estimate by the UNIDO Secretariat of additional requests for \$1,272,000. This estimate was based on the consideration that, as programme support costs were reimbursed only at the rate of 14 per cent, as compared to a real programme support cost of 24 per cent, at least part of the resulting shortfall should be covered by increased regular budget resources in the programme support activities. On this basis, the amount of \$1,272,000 was to provide for

(a) established posts (\$941,900) for the following requirements: one Assistant Secretary-General, one P-5 and one P-4 posts in Executive Direction and Management; 2 P-5, 3 P-4 and 8 General Service posts in the Division for Industrial Operations along with the reclassifications of one P-5 to D-1, one P-3 to P-4 and one P-2 to P-3; and one P-5 post in the Division of Conference services, public information and external relations;

(b) temporary assistance (\$219,400);

(c) consultants (\$17,600);

(d) overtime (\$10,100);

(e) travel of staff (\$76,400); and

(f) external printing and binding (\$6,600).

24. It is fully appreciated, and the Secretary-General has repeatedly reported to the Organization's intergovernmental bodies, that programme support costs reimbursed to the executing organizations do not completely cover the cost of programme support. However, the concept that an estimated increase in programme delivery should be accompanied by a proportionate increase in the regular budget support, over and above the resources available from the 14 per cent reimbursement, is one which has

organization-wide implications and which requires much closer study and analysis before it can be decided formally to submit it to the General Assembly. Bearing in mind these considerations, and also that an increase of \$50 million operational funds throughout the biennium would in itself attract an additional amount of \$7 million for support costs; the level of resources already approved; and the fact that the question of support costs is still under consideration both by the UNDP Governing Council and by the General Assembly, there does not appear to be a firm basis for requesting at this time an increase under the regular budget on account of the anticipated increase in programme delivery.

D. Conclusion

25. In conclusion, an additional appropriation in the amount of \$803,500 is requested under section 17, United Nations Industrial Development Organization, of the proposed programme budget for the biennium 1980-1981. In addition an appropriation in respect of a provision for staff assessment in an amount of \$114,100 under expenditure section 31 of the programme budget for the biennium 1980-1981 is requested, which would be offset by an increase in the same amount in the estimates of income under section 1. The total requirements in an amount of \$917,600 are summarized by object of expenditure in the table below:

ANALYSIS OF THE PROPOSALS BY OBJECT OF EXPENDITURE

	Section 17		Section 31 Staff Assessment	Total
	UNIDO	INTTIB		
Established posts and common staff costs	295 800	226 700		523 500
Consultants	50 000	100 000		150 000
Ad hoc expert groups	30 000	-		30 000
Travel of participants in meetings	100 000	-		100 000
Staff assessment	-	-	114 100	114 100
Total 1980-1981	476 800	325 700	114 100	917 600