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PROGRAMME AND BUDGETS, 2004–2005*

Proposals of the Director-General

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* The present document has not been edited.

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Abbreviations

AAI	Alliance for Africa's Industrialization
ACC	Administrative Committee on Coordination
AE	Associate Expert
ASHI	after-service health insurance
BAT	best available technologies
BEP	best environmental protection
BEST	Business Environment Strategic Toolkit
BINAS	Biosafety Information Network and Advisory Service
BMS	Buildings Management Section
CAD	computer-aided design
CAM	computer-aided manufacturing
CAMI	Conference of African Ministers of Industry
CCA	common country assessment
CCAQ	Consultative Committee on Administrative Questions
CCSQ	Consultative Committee on Substantive Questions
CDM	clean development mechanism
CFC	chlorofluorocarbon
COMFAR	Computer Model for Feasibility Analysis and Reporting
CP	cleaner production
CSD	Commission on Sustainable Development
CSF	country service framework
CSO	civil society organization
CTBTO	Comprehensive Test Ban Treaty Organization
CTC	carbon tetrachloride
ECA	United Nations Economic Commission for Africa
ECDC/TCDC	economic and technical cooperation among developing countries
ECOSOC	United Nations Economic and Social Council
EDP	electronic data processing
EST	environmentally sound technologies
FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
FIAS	Foreign Investment Advisory Service
FIT	Financial Improvement Toolkit
GEF	Global Environment Facility
GHG	greenhouse gas
GMO	genetically modified organism
GMP	good manufacturing practice
GNP	gross national product
HACCP	hazard analysis and critical control points
HR	human resource

IAEA	International Atomic Energy Agency
IAF	International Accreditation Forum
ICSC	International Civil Service Commission
ICT	information and communication technology
IDDA	Industrial Development Decade for Africa
IDF	Industrial Development Fund
IGO	inter-governmental organization
ILAC	International Laboratory Accreditation Cooperation
ILO	International Labour Organization
IP	integrated programme
IPP	Industrial Partnership Promotion
IPS	Investment Promotion Service
ISCC	Information Systems Coordination Committee
ISO	International Organization for Standardization
IT	information technology
ITPO	Investment and Technology Promotion Office
JIU	Joint Inspection Unit
JPO	Junior Professional Officer
KP	Kyoto Protocol
LDC	least developed country
LDC III	Third United Nations Conference on the Least Developed Countries
MCCT	Measurement and Control-Chart Toolkit
MDG	Millennium Development Goal
MERCOSUR	Southern Common Market
MIGA	Multilateral Investment Guarantee Agency
MSTQ	metrology, standardization, testing and quality
NCPC	National Cleaner Production Centre
NEPAD	New Partnership For Africa's Development
NGO	non-governmental organization
NIS	Newly Independent States of the former Soviet Union
OAU	Organization of African Unity
OB	operational budget
ODS	ozone-depleting substance
OECD	Organization for Economic Cooperation and Development
OIML	International Organization of Legal Metrology
PMO	policy-making organ
POP	persistent organic pollutant
PSF	programme screening form
PTS	persistent toxic substance
QSM	quality, standardization and metrology
RB	regular budget
RPTC	Regular Programme of Technical Cooperation

SME	small and medium enterprise
SMI	small and medium industry
SMTQ	standards, metrology, testing and quality
SPPD	support services for policy and programme development
SPS	sanitary and phytosanitary standards
SPX	subcontracting and partnership exchange
SRA	Special Resources for Africa
SSS	service summary sheet
STS	support for technical services
TBT	technical barriers to trade
TQM	total quality management
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNITAR	United Nations Institute for Training and Research
UNJSPF	United Nations Joint Staff Pension Fund
UNOV	United Nations Office at Vienna
VBO	Vienna-based organization
VIC	Vienna International Centre
WHO	World Health Organization
WSSD	World Summit on Sustainable Development
WTO	World Trade Organization

EXECUTIVE SUMMARY

1. In accordance with Article 14 of the Constitution and Financial Regulations 3.1 and 3.4, the Director-General is pleased to submit to the Board, through the Programme and Budget Committee, the proposed programme and budgets for the biennium 2004-2005.

I. FORMAT AND PRESENTATION

2. The present document largely follows the format and presentation introduced in the programme and budget document for the biennium 1998-1999, and continued in 2000-2001 and 2002-2003. Some adjustments have been made to the presentation of the programme narratives, which now contain specific references to activities and outputs. Performance indicators have also been compiled in annex D.

Structure of major programmes

3. The programmatic structure of this document follows the pattern introduced in the biennium 2002-2003. The document consequently features eight major programmes:

Major Programme A	Governing Bodies
Major Programme B	General Management
Major Programme C	Strengthening of Industrial Capacities
Major Programme D	Cleaner and Sustainable Industrial Development
Major Programme E	Regional Programme
Major Programme F	Administration
Major Programme G	Buildings Management
Major Programme H	Indirect Costs

Programme structure

4. At the programme level, the broad structure of the programme and budgets for the biennium 2002-2003 has been retained in the present document, reflecting the fact that the number of service modules has been left unchanged at eight. The proposed programme and budgets for the biennium 2004-2005, therefore, provide for the same eight major programmes as in the biennium 2002-2003. Furthermore, the programme structure has also been left largely unchanged. This general pattern notwithstanding, the content of the individual programmes has been revised in response to shifts in international development priorities and the associated adjustments made to UNIDO's mandate by the Member States.

5. Only three significant changes have been introduced in the proposed programme and budgets for the biennium 2004-2005 with regard to the adoption or allocation of programmes:

(a) The reallocation of the Information Technology and Knowledge Management programme from Major Programme C (Strengthening of Industrial Capacities) in 2002-2003 back to Major Programme F (Administration) in 2004-2005. This reflects that the focus of this programme remains the provision of mission-critical support services for UNIDO in the fields of information and communication technology and knowledge management tools. This also reflects the fact that the programme is no longer expected to become a service module on its own as had been anticipated in the programme and budgets for 2002-2003;

(b) The establishment of a new programme for financial resource mobilization in Major Programme E (Regional Programme). This programme will be responsible for the coordination of resource mobilization for UNIDO activities, including the development and management of relations between UNIDO and the donor community. These activities in previous budgets have been scattered among various programmes;

(c) The inclusion of a new programme in Major Programme B (General Management) to cover the activities of the Office of the Comptroller-General. This represents a response to the recommendations of the eighteenth session of the Programme and Budget Committee as adopted by the Board for further strengthening the control and oversight functions of UNIDO, *inter alia*, through an improved staffing profile with as much independence as possible. The Programme "Comptroller-General" will ensure that internal control mechanisms work efficiently and effectively through proactive reviews of all operations of the Organization; promote improvements in a coordinated manner to ensure optimal use of the available resources; and liaise with the External Auditor, the Joint Inspection Unit, Member States, governing bodies and other interested parties on relevant issues.

II. PROGRAMME FRAMEWORK

The UNIDO mandate and strategy

6. The formulation of the programme and budgets for the biennium 2004-2005 has been guided by the Business Plan, which was endorsed by the General Conference in resolution GC.7/Res.1. As has been frequently reiterated by Member States in subsequent sessions of the governing bodies, this document continues to provide the basic programmatic framework and focus for UNIDO activities.

7. In order to ensure the continued relevance of UNIDO's developmental contribution in the face of the continuously changing global environment, however, Member States have acknowledged the need to review periodically the scope and range of the specific activities carried out by the Organization within the broad context of this programmatic framework. Thus, the ninth session of the General Conference endorsed the medium-term programme framework for 2002-2005 in resolution GC.9/Res.2, and in November 2002, the Industrial Development Board approved a new set of strategic guidelines "Towards improved UNIDO programme delivery" (decision IDB.26/Dec.7) initiated by Japan. As mandated by the Board, these guidelines have been fully taken into account in the drafting of the programme and budget proposals for the biennium 2004-2005.

8. Against the background of the continuing trend towards the marginalization of a substantial proportion of the world's population in terms of economic, social and human development, UNIDO itself is taking a lead in formulating conceptual contributions to the international development agenda. In two high-level meetings hosted by the Organization in Venice in September 2000 and October 2002, respectively, an effort was made to identify and flesh out the missing links in the current international development agenda. The conclusions of these meetings, that sustained productivity gains are the key determinant of sustainable and equitable development, have served as the principal input for the formulation of UNIDO corporate strategy. This provides for the Organization to focus on activities that would support the efforts of developing countries and economies in transition to participate in the world production system by helping them raise their productivity levels and develop a competitive economy, generate diversified and productive employment opportunities and promote environmentally sustainable industrial development.

International development targets

9. Over the past two years, the Millennium Development Goals (MDGs) enunciated by the United Nations Millennium Declaration, which was adopted by all 189 Member States of the United Nations on 8 September 2000, have come to be recognized as constituting the core of the international development

agenda. Consequently, the programmatic activities of UNIDO during the biennium 2004-2005 will be clearly focused on making an active contribution towards the achievement of the goals falling within the mandate and competence of the Organization. These include, in particular, MDG 1 (eradicating extreme poverty and hunger) and MDG 7 (ensuring environmental sustainability), and to a more circumscribed degree MDG 3 (promoting gender equality and empowering women) and MDG 8 (developing a global partnership for development).

10. While the MDGs will constitute the principal determinants of UNIDO's programmatic framework in 2004-2005, the Organization's activities will also be guided by other highlights of the international development agenda, including the results of such major global conferences as the International Conference on Financing for Development held from 18 to 22 March 2002 at Monterrey and the World Summit on Sustainable Development held from 26 August to 4 September 2002 at Johannesburg. At Monterrey, UNIDO launched a special initiative to facilitate access to international markets for developing countries and countries with economies in transition by helping them to meet quality and standards requirements and overcome other technical barriers to trade. At Johannesburg, a similar initiative was launched to promote rural energy for productive use, especially in the poorest countries. The market access facilitation initiative responds directly to the decision taken by the Fourth Ministerial Conference of the World Trade Organization (WTO) at Doha from 9 to 14 November 2001 to facilitate trade participation by developing countries, while the rural energy initiative is fully in accordance with the goals of the Global Environmental Facility (GEF). With their focus on LDCs, these initiatives are also fully in line with the goals of the Third United Nations Conference on the Least Developed Countries (LDC III) held from 14 to 20 May 2001 in Brussels. Finally, several of UNIDO's environment-related activities also continue to be guided by such international agreements as the Montreal Protocol and the United Nations Framework Convention on Climate Change.

Resource constraints

11. These efforts must be undertaken with the very limited resources at the disposal of the Organization. The programme and budgets for the biennium 2004-2005 are presented under a no-growth scenario for the regular budget and a negative growth scenario for the operational budget. Notwithstanding these constraints, the Organization will continue to provide its services in a focused, prioritized and integrated manner in order to maximize value for money.

12. In this regard, it is important to consider the relationship between the regular budget, operational budget and technical cooperation delivery.

(a) The regular budget is funded primarily from assessed contributions payable by Member States, with a minuscule proportion being provided from such other sources as interest income, sales publications and government contributions to the UNIDO regional and field offices. The Constitution of UNIDO provides for 6 per cent of the net regular budget to be used for the Regular Programme of Technical Cooperation. These resources are used mainly for supporting technical cooperation and global forum activities;

(b) The operational budget is financed mainly from support cost income earned from the implementation of technical cooperation activities financed from voluntary contributions. This support cost income is a charge, which varies from 5 to 13 per cent, to the donor to partially compensate UNIDO for the project implementation services rendered. These resources are used for supporting technical cooperation activities.

13. Although the level of UNIDO's technical cooperation delivery is expected to remain essentially unchanged, the Organization's support cost income is gradually declining as a result of increasing donor demands for a significant reduction in the support costs to be paid to the Organization for its services. Since such donor policies do not reduce UNIDO's actual cost for support services associated with project delivery, these costs need to be covered to an increasing extent by the regular budget. As the value added provided by

UNIDO is in direct correlation to the size of the combined regular and operational budgets, the desirable increase in services provided by UNIDO could only be secured either through a real increase in the regular budget or through a greater volume of voluntary contributions.

Delivery mechanisms

14. The approach evolved over the past five years to combine individual technical cooperation interventions from a varied set of service modules into an integrated package of services will remain the principal instrument by which UNIDO will address the needs of the recipient countries and link the demands of those countries with donor priorities.

15. The service modules are the programmatic building blocks of the programme and budgets. They are designed to avoid duplication and overlap with other agencies, and lay the foundation for promoting external complementarity and cooperation. The experience of the past biennium has shown that the consolidation of UNIDO services into eight service modules in the programme and budgets for the biennium 2002-2003 has proven very effective, and it is intended to retain these modules in the biennium 2004-2005, albeit with appropriate adjustments to the individual services contained within each module.

16. These service modules are being increasingly combined into integrated programmes in order to ensure cross-organizational cooperation and the highest possible degree of synergy within UNIDO, while responding to the needs of the recipient countries in a holistic manner. To address the more complex situations prevailing in some of the larger developing countries, such as China, India and Indonesia, UNIDO has expanded the integrated programme approach into more broadly defined country service frameworks. As of December 2002, UNIDO had launched 51 integrated programmes and country service frameworks.

17. While the essentially country-focused integrated programmes and country service frameworks will continue to be the main modality for the delivery of UNIDO technical cooperation services, steps have also been taken to address thematic issues with a broader regional or global relevance. These thematic initiatives are being developed especially in areas where potential sources of additional funding for such activities have been identified. The initiatives on trade facilitation and rural energy launched at the Monterrey and Johannesburg conferences, for which there is good prospect of mobilizing additional resources over and above the normal voluntary contributions from Member States, are examples of such thematic initiatives.

Global forum activities

18. In addition to its technical cooperation activities, UNIDO is also mandated to engage in a number of global forum activities. These involve both strategic and action-oriented, project-related research, which focuses on creating awareness of how sustainable industrial development can contribute to reducing poverty and ensuring that the poor benefit from the process of globalization. UNIDO seeks to ensure that the results of this research are widely disseminated through appropriate publications, seminars, workshops and expert group meetings, and through participation in major international conferences, such as the International Conference on Financing for Development and the World Summit on Sustainable Development. In this context, it should be stressed that there is a strong synergy between global forum and technical cooperation activities: The knowledge gained from the former is fed back into the design of technical cooperation programmes and projects, while lessons learned from the latter are disseminated through UNIDO's publications and meetings.

Partnership

19. As in the preceding biennium, the alignment of UNIDO programmes with international development targets will require the establishment and maintenance of close partnerships with multilateral and bilateral development agencies and the private sector, as called for in the MDGs. UNIDO will actively participate in the system-wide United Nations efforts to combat poverty through the United Nations Chief Executives

Board for Coordination, High-Level Committee on Programmes, the United Nations Development Group, and key United Nations summit meetings. The Organization will also contribute to United Nations Development Assistance Framework and country development frameworks. UNIDO will also continue to expand its research activities through its action-oriented university research partnership programme.

Funds mobilization

20. As indicated above, the resource constraints faced by UNIDO have made it increasingly imperative for the Organization to increase its access to various forms of external funds with which to finance the services it provides to its Member States. For this purpose, a special programme, Programme E.3 (Financial Resource Mobilization) is proposed for the biennium 2004-2005, with the objective of mobilizing and optimally programming the extrabudgetary resources required for the technical cooperation programmes and projects of UNIDO. These resources are to be mobilized from current and potential donors and sources of funds.

21. This programme will be responsible for the following activities in particular:

- (a) The development and management of thematic partnerships in respect of UNIDO activities and initiatives between UNIDO on the one hand, and donors and other relevant organizations on the other;
- (b) The coordination of overall mobilization of financial and other resources for UNIDO activities from all potential sources of funds;
- (c) The mobilization of resources from donor Governments, and managing the programming of those funds in accordance with donor agreements and guidelines.

Oversight, evaluation and monitoring

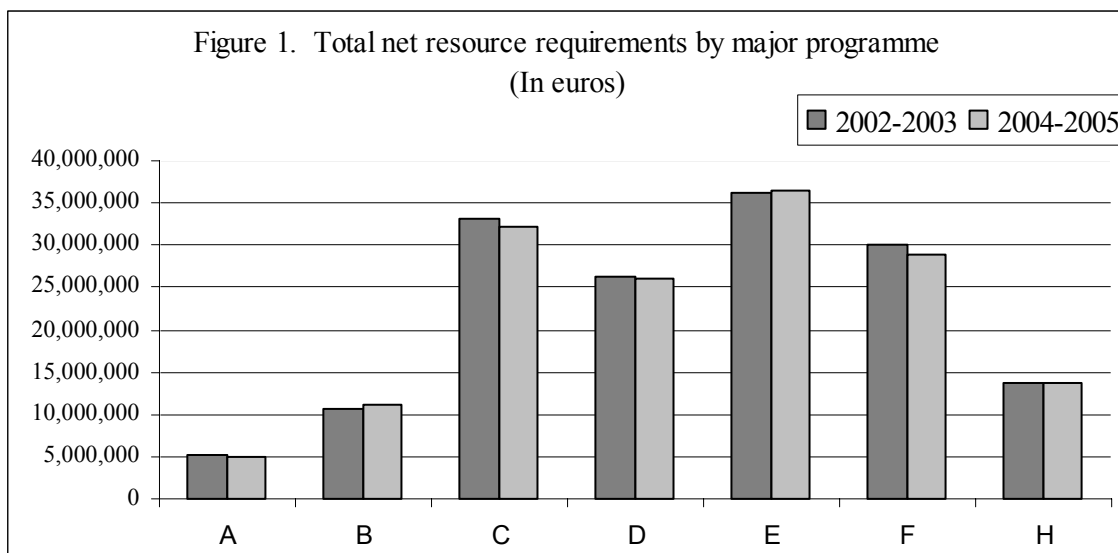
22. In order to improve the performance and assure the accountability of UNIDO, the establishment of a new programme, Programme B.4 (Comptroller-General) is proposed for the biennium 2004-2005. This programme will seek to achieve its objectives by ensuring that internal control mechanisms work efficiently and effectively through proactive reviews of all operations of the Organization, and through continuous monitoring of all operations to ensure the optimal use of the available resources. The programme will have overall responsibility for the following main functions:

- (a) Internal oversight;
- (b) Programme/projects evaluation;
- (c) Provision of advice on financial and programme issues;
- (d) Programme policy monitoring.

Comparison with the previous biennium by major programme

23. The comparison between the current biennium and the estimated requirements for the biennium 2004-2005 is based on 2002-2003 cost levels, as explained below. Reflecting the no-growth regular budget and the negative growth operational budget, most major programmes show a reduction. The exceptions are Major Programme B (General Management), which shows a modest increase by some €485,000, caused, *inter alia*, by the introduction of Programme B.4 (Comptroller-General) and Major Programme E (Regional Programme), which shows a net increase of slightly less than €210,000 due to a change in the structure of major programme management. Lastly, Major Programme G (Buildings Management) foresees a substantial increase in expenditure, mostly in relation to maintenance work to be carried out at the same time when the asbestos removal programme (financed by the Austrian Government) takes place. These additional costs are

partially covered from external sources, such as the Government of Austria, and the rest is being cost-shared between the agencies occupying the Vienna International Centre.



Major Programmes A and B

24. The resource level of Major Programme A (Governing Bodies) has been reduced by 5 per cent in overall terms. This principally reflects continued savings arising from shorter meetings of the policy-making organs.

25. As indicated above, the total resources required for Major Programme B (General Management) are budgeted to increase by 4.5 per cent. This increase represents a net change arising from a sharp 18 per cent decline in Programme B.1 (Executive Direction and Management), reflecting the introduction of continued efficiencies in the Office of the Director-General, and more substantial increases in Programmes B.2 (United Nations System Coordination) and B.4 (Comptroller-General), reflecting the increased priority accorded to these important management issues by the Member States.

Major Programmes C and D

26. The pre-eminent status of Major Programmes C (Strengthening of Industrial Capacities) and D (Cleaner and Sustainable Industrial Development) has been retained in accordance with the core mandate of UNIDO to provide technical cooperation and global forum services in these two areas. Reflecting the negative growth scenario for the operational budget underlying the present calculations, however, the resources for both of these major programmes have nevertheless been reduced by 3.2 per cent and 1.4 per cent, respectively.

Major Programme E

27. UNIDO's resources devoted to Major Programme E (Regional Programme) have been increased by approximately 0.6 per cent. The programme for Field Offices has remained at the same resource level, although two new field offices have been included in this budget proposal. To compensate for this cost increase, five technical Professional posts were abolished from the regional field offices. The cost increase in the management structure of the major programme has been partially offset by a reduction in the programme for the Regional Bureaux.

Major Programme F

28. Continued substantial savings are projected under Major Programme F (Administration), mainly through a significant decrease in the Information Networks and Knowledge Management programme. As a result, the resources allocated for this major programme have been reduced by more than 3.6 per cent, reducing the share of this major programme in the overall budget from 19.3 per cent in 2002-2003 to 18.8 per cent in 2004-2005.

Major Programme G

29. Following the methodology adopted in the programme and budgets for the biennium 2002-2003, Major Programme G (Buildings Management) has remained a separate, self-balancing major programme. This major programme covers the cost of the routine operation, maintenance, repair and replacement of the buildings and related installations and equipment of the VIC complex, as well as the cost of the rising demand for the maintenance and replacement of original and added installations. With these costs rising as a result of the ageing of the complex, which was constructed from 1974 to 1979, the overall increase in gross expenditure for this major programme is projected at 21 per cent, which includes cost elements to be fully reimbursed by the Austrian Government or other external parties. The increase in UNIDO's contribution has been calculated at 3 per cent.

Major Programme H

30. Major Programme H (Indirect Costs) presents all UNIDO costs related to inter-agency common and joint services such as ACC, ICSC, JIU and the Administrative Tribunal that are shared by organizations of the United Nations system, and those housed at the Vienna International Centre such as buildings management, medical, security and safety, language training and garage administration. The total amount budgeted for Major Programme H has been reduced by approximately 2 per cent, as a result of substantial reductions in UNIDO's contributions to a number of joint services, including security and safety, reimbursement to the Major Repair and Replacement Fund, and communications.

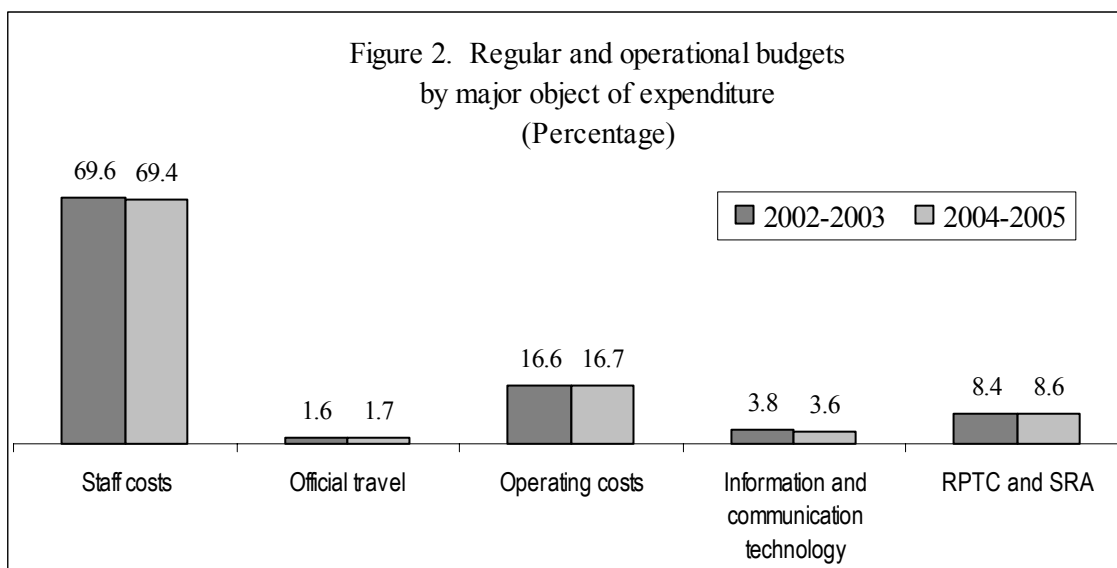
31. As a new element, UNIDO's contribution to the after-service health insurance (ASHI) of retired staff has been added to this programme in order to separate this liability of the Organization. Further details are included in the chapter entitled "Budget Framework".

RPTC and special resources for Africa

32. With the expiry of the Second Industrial Development Decade for Africa (IDDA) in 2002, the programme and budgets for the biennium 2004-2005 no longer reserves a proportion of the Regular Programme of Technical Cooperation (RPTC) funds for this purpose. The entire volume of these funds will, therefore, be freely programmable in the coming biennium. In accordance with the priority accorded to Africa by the international development agenda, and indeed, by UNIDO's Business Plan, it has been decided to retain a separate appropriation line to fund programme activities in Africa. For this purpose, the appropriation line previously used for IDDA supplementary activities has been renamed as Special Resources for Africa (SRA), and is funded at the same level as in the biennium 2002-2003. Programmatic details are provided in a separate chapter "Special Resources for Africa" towards the end of the present document.

Changes by major object of expenditure

33. The composition of the budgets remains almost the same as far as the relative share of the various major objects of expenditure is concerned.



Changes in the post structure

34. The number of posts has been reduced by 8.5. Details of the composition of posts are presented in table 5 and annex C.

35. While there has been no change at the Director level, the number of P-5 posts has been increased by 3, whereas the number of P-4 and PS level posts has been reduced by 7. The total reduction in Professional posts amounts to 4. The number of posts in the General Service category has been reduced by 4.5. At the same time, the separate budgeting for G-7 posts has been discontinued, since the number of these posts is so small that there is no need to distinguish them in the standard scales.

Other expenditures

36. Owing to the separate major programme for indirect costs, the resource requirements of the various programmes do not show a large component under “other expenditures”. Those remaining elements, such as printing, public information services, language and documentation services, or translation, that have a direct impact on the relevant programmes have been tabulated as operating costs in the present proposal.

III. BUDGET FRAMEWORK

Financing of the regular budget

37. Total gross expenditures under the regular budget (€147,309,100) are reduced by anticipated income (€3,013,300), and the resulting net requirements (€144,295,800) are financed by assessed contributions payable by Member States.

38. Estimated income falls under two categories: (a) cost reimbursement for field offices, as presented under Programme E.2 (Field Offices) and (b) miscellaneous income. The latter category includes income from sales publications, interest earned on surplus funds and other sundry items for which details are

provided in a separate section. Projected income is at a much lower level than in the previous biennium. Investment returns are predicted to be lower and cost reimbursement for field offices has been calculated on a more conservative basis, using actual data for 2002.

Financing of the operational budget

39. Total gross expenditures under the operational budget (€21,826,870) are similarly reduced by income (€314,500). The resulting net requirements (€21,512,370) are financed from the reimbursement of support costs pertaining to technical cooperation and other services. Details related to technical cooperation delivery and support cost income estimates are shown in tables 1 and 2(b).

40. Income earned under the operational budget falls under the same categories as that of the regular budget and is subject to the same considerations.

Estimated level of service delivery

41. Similar to the practice introduced in the programme and budgets for the biennium 1998-1999 and followed since, technical cooperation estimates funded from extrabudgetary sources are presented at the relevant programme level. This methodology allows the presentation of total available resources for the delivery of the service modules and other programmes.

42. The total estimated level of technical cooperation in the biennium 2004-2005 amounts to €189,756,200 (excluding RPTC). This represents a reduction of some 2 per cent from the estimated level applied for the biennium 2002-2003 (€193,551,600 at US\$1 = €1.08). This reduction, however, is mostly due to a different exchange rate applied in the conversion from United States dollars to euros (US\$1 = €1.0725 at an average United Nations euro/dollar rate of exchange for 2002). The total volume of technical cooperation delivery is estimated to remain at \$185 million.

43. Extrabudgetary technical cooperation activities related to the investment and technology promotion offices are being reported under Major Programme E (Regional Programme).

Development of budget estimates

44. In accordance with financial regulation 3.3, the budgetary estimates for the regular and operational budgets are presented separately at all programme levels. Similar to previous bienniums, increases and decreases for the biennium 2004-2005 are shown at the same cost levels as the biennial budget for 2002-2003. The budget estimates for the biennium 2004-2005 are then adjusted (recosted) to take into account the impact of inflation and other cost adjustments.

45. For the development of the budgetary estimates for the biennium 2004-2005, the following elements have been taken into consideration:

- (a) Approved budgets for 2002-2003;
- (b) Adjustments to the approved 2002-2003 budgets to allow comparison;
- (c) Resource requirements for 2004-2005 at 2002-2003 rates;
- (d) Inflation and other cost adjustments.

Approved budgets for 2002-2003 as the budget base

46. The programme and budgets for the biennium 2002-2003, as contained in document IDB.24/3 and approved by the General Conference in decision GC.9/Dec.17, detailed the resource requirements to implement the programmes of the Organization for the biennium 2002-2003. The approved budgets for the

biennium 2002-2003 represent, under the regular budget, a net amount of €133,689,800 and €21,998,000 under the operational budget.

Adjustments to the budget base

47. The budget base has been adjusted to reflect the changes in the programmatic structure as summarized before and hence allows for a meaningful comparison of resource requirements for 2004-2005 with those of 2002-2003.

48. Furthermore, the base has been adjusted to reflect the concept of separating the costs associated with the ASHI entitlement of retired staff. This liability is financed presently on the basis of actual requirements, i.e. pay as you go basis, and no special fund has been set up for this purpose. United Nations-wide discussions are ongoing about the long-term financing of this liability. Since this cost has, until now, been part of the common staff costs, there has been little information available as to the real magnitude of the liability. In order to increase the transparency of the budget presentation in this respect, this charge has now been separated as an individual item under indirect costs and both the budget base and the resource requirements have been adjusted accordingly.

Resource requirements for 2004-2005 at 2002-2003 rates

49. The net regular budget estimates for the biennium 2004-2005 of €133,689,800 represent the same level of resources as that of 2002-2003, when compared using the same cost levels. Hence, the proposed regular budget reflects zero real growth.

50. The operational budget estimates of €19,949,170 represent a reduction of €2,048,830, or 9.3 per cent in real terms, i.e. at 2002-2003 cost levels.

51. The vacancy factors assumed in the budgets for the biennium 2004-2005 remained the same as in the budgets for 2002-2003, i.e. 5 per cent for Professional-level and 3 per cent for General Service-level posts, except in Programme E.2 (Field Offices), where the Professional-level vacancy factor is 7 per cent. These assumptions reflect the reduced financial requirements of a post due to a period of vacancy during the recruitment process.

Inflation and other cost adjustments

52. The application of inflation and other cost adjustments to the 2004-2005 estimates (expressed at 2002-2003 rates) results in a recosting of these estimates to 2004-2005 rates.

53. This process consists of two steps. First, the resource requirements expressed at 2002-2003 rates are recosted to reflect the actual cost structures of 2002-2003. In the second step, the requirements are further adjusted in line with expected cost increases for 2004 and 2005.

54. In October 2000, a place-to-place cost-of-living survey was held in Vienna conducted by the International Civil Service Commission (a body reporting to the United Nations General Assembly). This survey resulted in an increase in net Professional salaries by 9.73 per cent with effect from 1 June 2001. Since the decision was announced after the closure date of the budget for 2002-2003, no sufficient provision was included therein. Therefore, in order to remain within approved appropriations, many posts had to be kept vacant to compensate for the increased salary costs during 2002-2003.

55. The survey of best prevailing conditions of employment for staff in the General Service and related categories of the Vienna-based organizations in the biennium 2002-2003 resulted in an increase of 2.98 per cent of the net salaries with additional impact on UNIDO's contribution to the United Nations Joint Staff Pension Fund and social security payments, with effect from 1 April 2002. The provision for cost increases

relating to General Service salaries and common staff costs included in the programme and budgets for 2002-2003 could only partially absorb this additional cost.

56. Additionally, the General Assembly approved a system-wide salary increase in the Professional and higher categories by an average of 2.7 per cent, when applied to UNIDO's staffing structure as of 1 January 2003. This increase was also only partially covered by the provisions in the 2002-2003 budget.

57. The above three measures resulted in a shortfall of €5.9 million during the biennium 2002-2003, which needs to be restored in the budgets for the biennium 2004-2005. As described above, this increase reflects the direct impact of the United Nations General Assembly decisions and the implications of events for which there was only partial provision in the current budget.

58. The increase in financial requirements for 2004-2005 is attributable to anticipated changes in the consumer price and wage index levels in Austria and field locations, and also to expected statutory changes in salary and common staff costs for staff on established posts, which the Organization is obliged to implement in full.

59. Projections have been made to standard salary costs for the biennium 2004-2005 as per the category of duty stations reflecting the following anticipated cost increases. In Vienna, for Professional-level salaries, an average 1.8 per cent increase per annum is expected. This includes movements in the consumer price index (average 1.45 per cent) leading to an increase in post adjustment rates and provision for in-grade increments and merit promotions (average 0.35 per cent). For General Service staff, the salary increase is projected at a level of 2.2 per cent per annum, comprising an average increase of 1.85 per cent as a result of average consumer price and wage index increases and 0.35 per cent due to in-grade increments and merit promotions. The level of common staff costs has been set at 48.5 per cent of net Professional salaries and 34.7 per cent of General Service salaries for 2004-2005.

60. The inflation rate for various non-staff objects of expenditure such as utilities, maintenance and supplies is based on forecasts of price index movements by the Austrian Institute for Economic Research, or on assumed inflation trends at the locations of field offices.

61. The average rate for net cost increases in the biennium 2004-2005 is 3.9 per cent per annum. Under the regular budget, the net amount required for recosting is €10,606,000.

Budgeting for non-euro expenditures

62. With the discontinuation of the split-currency system of assessment, the Organization prepares and presents its budget in one currency only, i.e. the euro. However, some 10 to 15 per cent of the expenditures remain in other currencies, mainly in United States dollars. In order to estimate the required budgetary amounts in euros, the January to December 2002 average United Nations euro/dollar exchange rate, i.e. €1 = US\$ 0.9324, has been applied to those items. The same rate will be used to determine the transfers to or from the special reserve for exchange rate gains and losses.

United Nations loan

63. In accordance with Industrial Development Board decision IDB.4/Dec.29, two payments of \$1 million each will be made to the United Nations during the biennium 2004-2005 in partial repayment of the United Nations loan provided at the time UNIDO became a specialized agency, which will be met from the receipt of outstanding assessed contributions and are, therefore, not included in the budgetary estimates or assessments of Member States. At the end of the biennium 2004-2005, the loan will have been fully paid back to the United Nations in line with the original schedule.

IV. SUMMARY OF PROPOSALS

64. The following are the main features of the proposed programme and budgets, 2004-2005:
- (a) The net regular budget estimates represent zero real growth;
 - (b) The net operational budget estimates represent a resource reduction against the approved budget for 2002-2003 of €2,048,830 or 9.3 per cent (before recosting);
 - (c) Major Programme A (Governing Bodies) has been reduced by 5 per cent before recosting because of reduced requirements in operating costs;
 - (d) Major Programme B (General Management) shows a moderate increase on account of the establishment of the Comptroller-General's office;
 - (e) Major Programmes C (Strengthening of Industrial Capacities) and D (Cleaner and Sustainable Development) have been reduced by some 3 and 1 per cent, respectively;
 - (f) Major Programme E (Regional Programme) features a small increase in real terms mostly because of having its own management. The budgets for 2002-2003 had a shared management of Major Programmes E (Regional Programme) and F (Administration);
 - (g) Major Programme F (Administration) has been further reduced by some 4 per cent in real terms;
 - (h) Major Programme H (Indirect Costs) shows a decrease of 2 per cent before recosting, mainly because of reductions in UNIDO's contributions to shared services within the VIC;
 - (i) The total impact of revaluation and recosting on the net regular budget resources amounts to €10,606,000.

Table 1

Summary of budget estimates by major programme for 2004-2005

for total operations

(In euros, at 2004-2005 costs)

Major Programme	Regular budget (net)	Operational budget (net)	Technical cooperation (extrabudgetary)	Total net estimates	Percent of total estimates
A. Governing Bodies	5,299,550			5,299,550	1.5%
B. General Management	12,114,760	119,100		12,233,860	3.4%
C. Strengthening of Industrial Capacities	29,176,870	5,808,200	40,033,800	75,018,870	21.0%
D. Cleaner and Sustainable Industrial Development	23,392,110	5,234,300	130,631,400	159,257,810	44.6%
E. Regional Programme	33,478,690	5,774,470	19,091,000	58,344,160	16.3%
F. Administration	26,227,860	4,703,300		30,931,160	8.7%
G. Buildings Management					0.0%
H. Indirect Costs	16,000,760			16,000,760	4.5%
Miscellaneous Income	(1,394,800)	(127,000)		(1,521,800)	
Total net requirements	144,295,800	21,512,370	189,756,200	355,564,370	100.0%

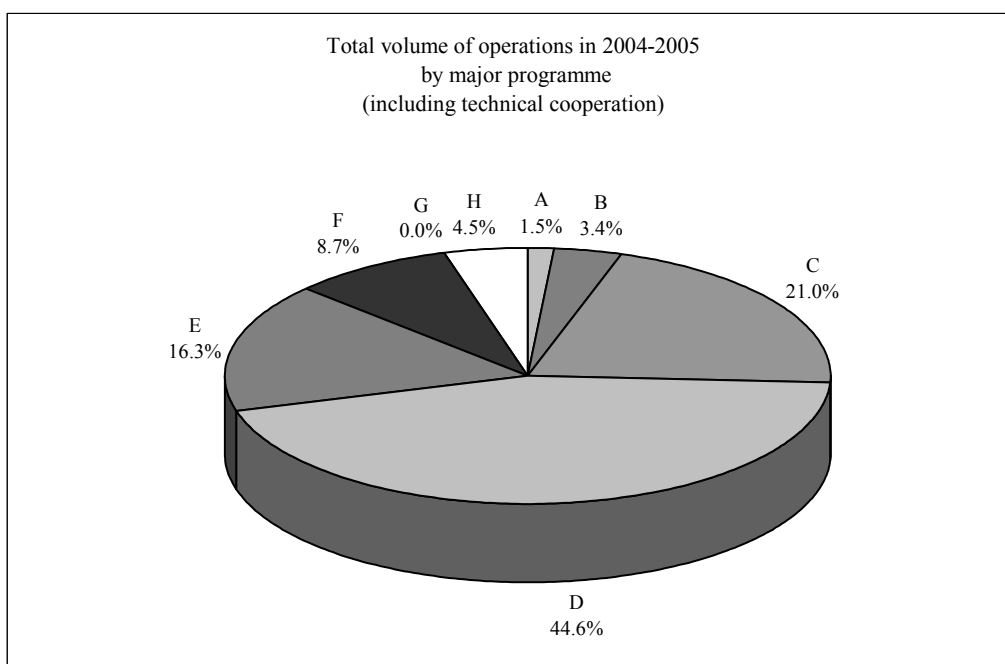


Table 2(a)

Summary of regular and operational budgets
(Excluding Major Programme G, Buildings Management)
(In euros)

	2002-2003 approved budget a/ 1	2004-2005 resource growth at 2002-2003 rates 2	2004-2005 resource requirements at 2002-2003 rates 3	Recosting to 2004-2005 rates 4	2004-2005 resource requirements at 2004-2005 rates 5
<u>Regular budget</u>					
Expenditures	137,922,300	(1,369,700)	136,552,600	10,756,500	147,309,100
Income	(4,232,500)	1,369,700	(2,862,800)	(150,500)	(3,013,300)
Net requirements	133,689,800		133,689,800	10,606,000	144,295,800
<u>Operational budget</u>					
Expenditures	22,372,600	(2,126,430)	20,246,170	1,580,700	21,826,870
Income	(374,600)	77,600	(297,000)	(17,500)	(314,500)
Net requirements	21,998,000	(2,048,830)	19,949,170	1,563,200	21,512,370
Total regular and operational budgets	155,687,800	(2,048,830)	153,638,970	12,169,200	165,808,170
Rate of real growth (net)					
Regular budget		0.0%			
Operational budget		(9.3%)			
Combined		(1.3%)			

a/ Reflects budget adjustments to the base.

Table 2(b)

Technical cooperation delivery and support cost income estimates
(excluding Regular Programme activities)
(In euros)

	2002-2003		2004-2005 a/	
	Delivery	Support cost income	Delivery	Support cost income
UNDP - Main programme	21,351,400	2,160,400	6,649,500	664,900
IDF	51,220,600	6,576,300	38,181,000	4,581,700
Montreal Protocol	60,489,800	7,561,200	59,846,000	8,304,400
Global Environment Facility	b/	b/	40,326,000	3,226,100
Trust funds and others	60,489,800	4,301,300	44,753,700	4,199,100
- Technical Services		160,400		536,200
- SPPD		641,200		c/
- STS		597,200		c/
Total	193,551,600	21,998,000	189,756,200	21,512,400

a/ Calculated with US\$ 1 = €1.0725, the January to December 2002 average United Nations exchange rate.

b/ Included in the category "trust funds and others".

c/ This funding modality is being discontinued by UNDP.

Table 3
Proposed expenditure and income
by major programme for 2004-2005 with comparative data for 2002-2003
(In euros)

Major Programme	2002-2003 approved budget a/ 1	2004-2005 resource growth at 2002-2003 rates 2	2004-2005 resource requirements at 2002-2003 rates 3	Recosting to 2004-2005 rates 4	2004-2005 resource requirements at 2004-2005 rates 5
1. Regular and operational budgets					
A. Governing Bodies	5,307,700	(265,850)	5,041,850	257,700	5,299,550
B. General Management	10,754,200	484,660	11,238,860	995,000	12,233,860
C. Strengthening of Industrial Capacities	33,249,000	(1,067,930)	32,181,070	2,804,000	34,985,070
D. Cleaner and Sustainable Industrial Development	26,346,400	(376,990)	25,969,410	2,657,000	28,626,410
E. Regional Programme	38,966,850	(843,290)	38,123,560	2,935,600	41,059,160
Income	(2,689,900)	1,051,900	(1,638,000)	(168,000)	(1,806,000)
Net requirements	36,276,950	208,610	36,485,560	2,767,600	39,253,160
F. Administration	30,003,600	(1,093,840)	28,909,760	2,021,400	30,931,160
G. Buildings Management	37,550,500	7,988,330	45,538,830	2,331,300	47,870,130
Income	(37,550,500)	(7,988,330)	(45,538,830)	(2,331,300)	(47,870,130)
Net requirements					
H. Indirect Costs	15,667,150	(332,890)	15,334,260	666,500	16,000,760
Miscellaneous Income	(1,917,200)	395,400	(1,521,800)		(1,521,800)
Total regular and operational budgets	155,687,800	(2,048,830)	153,638,970	12,169,200	165,808,170
2. Regular budget					
A. Governing Bodies	5,307,700	(265,850)	5,041,850	257,700	5,299,550
B. General Management	10,265,400	859,160	11,124,560	990,200	12,114,760
C. Strengthening of Industrial Capacities	27,508,550	(584,580)	26,923,970	2,252,900	29,176,870
D. Cleaner and Sustainable Industrial Development	21,287,300	(108,990)	21,178,310	2,213,800	23,392,110
E. Regional Programme	33,265,350	(817,160)	32,448,190	2,649,000	35,097,190
Income	(2,515,300)	1,047,300	(1,468,000)	(150,500)	(1,618,500)
Net requirements	30,750,050	230,140	30,980,190	2,498,500	33,478,690
F. Administration	25,244,650	(743,190)	24,501,460	1,726,400	26,227,860
G. Buildings Management	37,550,500	7,988,330	45,538,830	2,331,300	47,870,130
Income	(37,550,500)	(7,988,330)	(45,538,830)	(2,331,300)	(47,870,130)
Net requirements					
H. Indirect Costs	15,043,350	290,910	15,334,260	666,500	16,000,760
Miscellaneous Income	(1,717,200)	322,400	(1,394,800)		(1,394,800)
Total regular budget	133,689,800		133,689,800	10,606,000	144,295,800
3. Operational budget					
B. General Management	488,800	(374,500)	114,300	4,800	119,100
C. Strengthening of Industrial Capacities	5,740,450	(483,350)	5,257,100	551,100	5,808,200
D. Cleaner and Sustainable Industrial Development	5,059,100	(268,000)	4,791,100	443,200	5,234,300
E. Regional Programme	5,701,500	(26,130)	5,675,370	286,600	5,961,970
Income	(174,600)	4,600	(170,000)	(17,500)	(187,500)
Net requirements	5,526,900	(21,530)	5,505,370	269,100	5,774,470
F. Administration	4,758,950	(350,650)	4,408,300	295,000	4,703,300
H. Indirect Costs	623,800	(623,800)			
Miscellaneous Income	(200,000)	73,000	(127,000)		(127,000)
Total operational budget	21,998,000	(2,048,830)	19,949,170	1,563,200	21,512,370

a/ Reflects budget adjustments to the base.

Table 4

Proposed expenditure and income
by major object of expenditure for 2004-2005 with comparative data for 2002-2003
(Excluding Major Programme G, Buildings Management)
(In euros)

Major object of expenditure	2002-2003 approved budget a/ 1	2004-2005 resource growth at 2002-2003 rates 2	2004-2005 resource requirements at 2002-2003 rates 3	Recosting to 2004-2005 rates 4	2004-2005 resource requirements at 2004-2005 rates 5
1. Regular and operational budgets					
1 Staff costs	111,395,600	(2,476,180)	108,919,420	9,922,500	118,841,920
2 Official travel	2,550,000	83,600	2,633,600	159,800	2,793,400
3 Operating costs	26,655,600	(505,950)	26,149,650	1,506,500	27,656,150
4 Information and communication technology	6,169,800	(597,600)	5,572,200	82,500	5,654,700
5 RPTC and Special Resources for Africa	13,523,900		13,523,900	665,900	14,189,800
Income	(4,607,100)	1,447,300	(3,159,800)	(168,000)	(3,327,800)
Total net regular and operational budgets	155,687,800	(2,048,830)	153,638,970	12,169,200	165,808,170
2. Regular budget					
1 Staff costs	90,135,300	(219,180)	89,916,120	8,419,000	98,335,120
2 Official travel	2,550,000	83,600	2,633,600	159,800	2,793,400
3 Operating costs	25,543,300	(636,520)	24,906,780	1,429,300	26,336,080
4 Information and communication technology	6,169,800	(597,600)	5,572,200	82,500	5,654,700
5 RPTC and Special Resources for Africa	13,523,900		13,523,900	665,900	14,189,800
Income	(4,232,500)	1,369,700	(2,862,800)	(150,500)	(3,013,300)
Total net regular budget	133,689,800		133,689,800	10,606,000	144,295,800
3. Operational budget					
1 Staff costs	21,260,300	(2,257,000)	19,003,300	1,503,500	20,506,800
3 Operating costs	1,112,300	130,570	1,242,870	77,200	1,320,070
Income	(374,600)	77,600	(297,000)	(17,500)	(314,500)
Total net operational budget	21,998,000	(2,048,830)	19,949,170	1,563,200	21,512,370

a/ Reflects budget adjustments to the base.

Table 5

Posts established under the regular and operational budgets
2002-2003 and 2004-2005
(Excluding Major Programme G, Buildings Management)

A. Total UNIDO

	2002-2003			2004-2005			Increase/ decrease
	RB	OB	Total	RB	OB	Total	
<u>Professional and above</u>							
Director-General	1.0	-	1.0	1.0	-	1.0	-
Director	31.0	2.0	33.0	32.0	1.0	33.0	-
P-5	58.0	18.0	76.0	62.0	17.0	79.0	3.0
P-4	77.0	17.0	94.0	74.0	15.0	89.0	-5.0
PS (P-2/P-3)	63.0	12.0	75.0	61.0	12.0	73.0	-2.0
Subtotal	230.0	49.0	279.0	230.0	45.0	275.0	-4.0
<u>General Service</u>							
Principal level	4.0	0.5	4.5	-	-	-	-4.5
Other levels	230.5	84.0	314.5	234.5	80.0	314.5	-
Subtotal	234.5	84.5	319.0	234.5	80.0	314.5	-4.5
GRAND TOTAL	464.5	133.5	598.0	464.5	125.0	589.5	-8.5

B. Headquarters (including offices at New York and Geneva)

	2002-2003			2004-2005			Increase/ decrease
	RB	OB	Total	RB	OB	Total	
<u>Professional and above</u>							
Director-General	1.0	-	1.0	1.0	-	1.0	-
Director	24.0	2.0	26.0	24.0	1.0	25.0	-1.0
P-5	44.0	10.0	54.0	46.0	9.0	55.0	1.0
P-4	65.0	14.0	79.0	65.0	12.0	77.0	-2.0
PS (P-2/P-3)	60.0	11.0	71.0	60.0	11.0	71.0	-
Subtotal	194.0	37.0	231.0	196.0	33.0	229.0	-2.0
<u>General Service</u>							
Principal level	3.0	0.5	3.5	-	-	-	-3.5
Other levels	189.5	64.0	253.5	186.5	60.0	246.5	-7.0
Subtotal	192.5	64.5	257.0	186.5	60.0	246.5	-10.5
GRAND TOTAL	386.5	101.5	488.0	382.5	93.0	475.5	-12.5

C. Field Offices

	2002-2003			2004-2005			Increase/ decrease
	RB	OB	Total	RB	OB	Total	
<u>Professional and above</u>							
Director-General	-	-	-	-	-	-	-
Director	7.0	-	7.0	8.0	-	8.0	1.0
P-5	14.0	8.0	22.0	16.0	8.0	24.0	2.0
P-4	12.0	3.0	15.0	9.0	3.0	12.0	-3.0
PS (P-2/P-3)	3.0	1.0	4.0	1.0	1.0	2.0	-2.0
Subtotal	36.0	12.0	48.0	34.0	12.0	46.0	-2.0
<u>General Service</u>							
Principal level	1.0	-	1.0	-	-	-	-1.0
Other levels	41.0	20.0	61.0	48.0	20.0	68.0	7.0
Subtotal	42.0	20.0	62.0	48.0	20.0	68.0	6.0
GRAND TOTAL	78.0	32.0	110.0	82.0	32.0	114.0	4.0

MAJOR PROGRAMME A: GOVERNING BODIES

General description

A.1. The objective of the Major Programme is to provide the framework for determining the guiding principles, policies, priorities and budgetary resources of the Organization, and to ensure close and well-coordinated contacts and consultations with Governments.

A.2. The Major Programme comprises two programmes:

- (a) A.1. Meetings of Governing Bodies;
- (b) A.2. Secretariat of Governing Bodies and External Relations.

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General Service Total		Regular budget	Operational budget	Total
	3.0	4.0			
			Staff costs	1,290,400	1,290,400
			Consultants	18,500	18,500
			Official travel	10,600	10,600
			Operating costs	3,980,050	3,980,050
			Total gross expenditure	5,299,550	5,299,550
			Total net resources	5,299,550	5,299,550

By programme

	Posts		Regular and operational budgets	Technical cooperation (extrabudgetary)	TOTAL
	P	GS			
A.1. Meetings of the Governing Bodies			3,857,150		3,857,150
A.2. Secretariat of Governing Bodies & Ext. Relations	3.0	4.0	1,442,400		1,442,400
A. Total major programme	3.0	4.0	5,299,550		5,299,550

Programme A.1: Meetings of the Governing Bodies

General description

A.3. This Programme serves the policy-making bodies of the Organization.

A.4. As provided for in Chapter III of the Constitution, these policy-making bodies comprise:

- (a) The General Conference, one of the three principal organs of UNIDO under Article 7.1 of the Constitution, which determines the guiding principles and policies of the Organization;

(b) The Industrial Development Board, which oversees and reviews the activities of the Organization between sessions of the General Conference in accordance with Article 9 of the Constitution, and reports to the General Conference on its work;

(c) The Programme and Budget Committee, which is required by Article 7.2 of the Constitution to assist the Industrial Development Board in the preparation and examination of the Organization's programme of work, its regular and operational budgets and other financial matters pertaining to the Organization, as indicated in Article 10.4 of the Constitution.

Need and objective

Need

A.5. The Programme responds to the need to provide the necessary forums for the meetings (regular and special sessions, as well as intersessional meetings) of the principal and subsidiary bodies of UNIDO's policy-making organs intended to develop guidelines and policy directives for the Secretariat on the functions and activities of the Organization as set out under Article 2 of the Constitution.

Objective

A.6. The Programme's objective is to ensure that these meetings are conducted in a timely and efficient manner in accordance with the Constitution and the requirements of the policy-making organs.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
General	Professional Service	Total	Regular budget	Operational budget	Total
			53,000		53,000
			3,804,150		3,804,150
			3,857,150		3,857,150
			3,857,150		3,857,150

Activities and outputs

A.7. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** To arrange one session of the General Conference (the eleventh) in 2005, for a total of five working days comprising plenary, main committee and geographical group meetings. It is anticipated that this Conference will be held in Vienna; in the event that it were to be held at another site, the additional costs involved would be met by the host Government.

Output: Timely and efficient conduct of the Conference. A document containing a compilation of resolutions and decisions adopted by the Conference will be issued.

- (b) **Activity:** To arrange three sessions of the Industrial Development Board during 2004-2005 for a total of nine working days. Pursuant to Article 7.3 of the Constitution, the Board may decide to establish intersessional working groups. In this case, the financial implications will have to be assessed against resource availability.

Output: Timely and efficient conduct of the Board meetings. A report containing a compilation of decisions adopted by each session of the Board will be prepared for submission to the Conference.

- (c) **Activity:** To arrange two sessions of the Programme and Budget Committee during 2004-2005 for a total of six working days.

Output: Timely and efficient conduct of the Programme and Budget Committee meetings. A report containing a compilation of conclusions adopted by each session of the Committee will be prepared for submission to the Board.

Programme A.2: Secretariat of Governing Bodies and External Relations

General description

A.8. The Programme provides substantive, technical and logistic support to the policy-making organs, as well as their intersessional working groups. It also maintains and monitors the Secretariat's official contacts with Member and non-Member States and regional groups.

A.9. The policy-making organs are provided for in Chapter III of the Constitution, and the Secretariat of the Governing Bodies ensures and coordinates the framework for their sessions.

Need and objective

Need

A.10. The Programme addresses the following two requirements:

- (a) To provide advisory and secretariat services to all sessions of the policy-making organs – the General Conference, the Industrial Development Board and its subsidiary organ, the Programme and Budget Committee – as well as other subsidiary bodies and working groups established by those organs;
- (b) To maintain general external relations with Member States, Permanent Missions accredited to UNIDO, non-Member States and regional groups, and ensure correct protocol procedures and practices.

Objective

A.11. The objective of the Programme is to ensure that these requirements are met in a comprehensive, timely and efficient manner.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General		Regular budget	Operational budget	Total
	Service	Total			
3.0	4.0	7.0	Staff costs	1,237,400	1,237,400
			Consultants	18,500	18,500
			Official travel	10,600	10,600
			Operating costs	175,900	175,900
			Total gross expenditure	1,442,400	1,442,400
			Total net resources	1,442,400	1,442,400

Activities and outputs

A.12. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Providing effective arrangements for meetings of the policy-making organs, including liaison with Governments and Permanent Missions; issuing notifications to and registering of delegations; preparing and monitoring pre-, in- and post-session documentation, including the Annual Report; assistance to elected officers of the sessions in the consultations that precede sessions of the governing bodies, as well as in the conduct of the meetings; servicing all working groups; preparing follow-up plan for implementing decisions and resolutions; facilitating applications by States that are not Members of the Organization or other entities (e.g. intergovernmental organizations or non-governmental organizations) for observer status in governing bodies.

- (b) **Activity:** Acting as a focal point for liaison with Governments, including Permanent Missions accredited to UNIDO, the host Government, and regional groups, and monitoring and coordinating contacts between Governments and UNIDO.

Output: Information required by the policy-making organs and other support services required by all Member States, including those not represented in Vienna, as well as assistance in preparing, coordinating and/or clearing replies to official communications addressed to the Director-General.

- (c) **Activity:** Supporting and preparing high-level visits to UNIDO.

Output: Provision of substantive and logistic support for such visits.

- (d) **Activity:** Conducting and/or coordinating negotiations with non-Member States with a view to encouraging their membership of UNIDO.

Output: Discussions with non-Member States.

- (e) **Activity:** Carrying out all protocol-related activities.

Output: Accreditation of members of Permanent Missions, authorization of privileges, organization of official ceremonies, and issuance/maintenance of the directory of Permanent Missions (in hard copy and electronic form).

- (f) **Activity:** Providing guidance and logistic support for the functioning of the G-77 and China, Vienna Chapter.

Output: Support services as required.

MAJOR PROGRAMME B: GENERAL MANAGEMENT

General description

B.1. The objective of the Major Programme, within the scope of the constitutional objectives of UNIDO and pursuant to the decisions of the policy-making organs, is to provide effective strategic guidance and control to the Organization and to ensure efficient operational and financial management. It is also responsible for maintaining close relations with Governments, with intergovernmental and non-governmental organizations and with the organizations of the United Nations system. The Major Programme also exercises the public relations and information function of UNIDO with a view to enhancing the image and awareness of the role and activities of UNIDO among its constituencies.

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	Service	General Total	Regular budget	Operational budget	Total	
22.0	19.0	41.0				
			Staff costs	9,596,900	119,100	9,716,000
			Consultants	183,600		183,600
			Meetings	239,400		239,400
			Official travel	618,800		618,800
			Operating costs	1,413,860		1,413,860
			Information and comm. techn.	62,200		62,200
			Total gross expenditure	12,114,760	119,100	12,233,860
			Total net resources	12,114,760	119,100	12,233,860

By programme

	Posts		Regular and operational budgets	Technical cooperation (extrabudgetary)	TOTAL
	P	GS			
B.1. Executive Direction and Management	7.0	7.0	4,335,720		4,335,720
B.2. United Nations System Coordination	5.0	2.0	2,872,350		2,872,350
B.3. Communication and Information	2.0	3.0	1,560,590		1,560,590
B.4. Comptroller General	8.0	7.0	3,465,200		3,465,200
B. Total major programme	22.0	19.0	12,233,860		12,233,860

Programme B.1: Executive Direction and Management

General description

B.2. In line with the decisions of UNIDO's policy-making organs, the Programme provides the overall direction, policies and activities of UNIDO, guides and coordinates the implementation of these. The Programme has organization-wide coordinating responsibility for all external relations and United Nations-related activities as well as UNIDO's global forum function.

Need and objective

Need

B.3. The Programme addresses the need to continuously review the overall direction of the Organization in response to changes in the global environment with regard to sustainable industrial development and to establish effective and coordinated management systems to enable the Organization to adjust its operations accordingly.

Objective

B.4. The objective of the Programme is the definition of the overall direction, policies, services and activities of the Organization as well as the ways of their implementation; coordination of UNIDO's global forum and technical assistance roles with regard to sustainable industrial development in the context of the overall development goals of the United Nations system; and the promotion of UNIDO's external relations, *inter alia*, with governing bodies, multilateral bodies and civil society.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General		Regular budget	Operational budget	Total
	Service	Total			
7.0	7.0	14.0	Staff costs	3,160,900	3,160,900
			Consultants	121,100	121,100
			Meetings	239,400	239,400
			Official travel	470,600	470,600
			Operating costs	343,720	343,720
			Total gross expenditure	4,335,720	4,335,720
			Total net resources	4,335,720	4,335,720

Activities and outputs

B.5. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Based on a continuous analysis of global trends and developments, the Programme will define the overall direction and main services and activities of UNIDO, and formulate appropriate policies and strategies for undertaking these activities through synchronization of technical cooperation and global forum functions. It will also develop UNIDO-wide assessed positions and approaches on key industrial development issues, including gender issues and partnerships with the private sector and civil society, and ensure their effective communication and advocacy through UNIDO position papers and policy statements.

Output: The main outputs are policy and strategy guidance on key industrial development issues and UNIDO's response to them, as well as recommendations on the implementation of, and necessary adjustments to UNIDO programmes and projects in order to ensure that they meet the requirements of the Member States.

- (b) **Activity:** Coordinate UNIDO's external relations with Member States, multilateral bodies and civil society and interaction with Governing Bodies.

Output: The effective liaison with Member States, multilateral bodies and civil society as well as logistical arrangements related to the work of the Governing Bodies.

- (c) **Activity:** Promote proper positioning of UNIDO within the United Nations system, respond to the Millennium Development Goals and the Secretary-General's reform processes through coordination of United Nations-related activities. Provide cooperation and coordination with other organizations of the United Nations system and other multilateral bodies; take appropriate action and develop mechanisms to facilitate and support the implementation of such cooperation and coordination.

Output: The enhanced strategic positioning of UNIDO in the context of the Millennium Development Goals and the outcome of major international conferences and events, due consideration of industrial development by the international community, enhanced cooperation and coordination with the United Nations and other multilateral bodies.

- (d) **Activity:** Plan and coordinate UNIDO's global forum activities to provide guidance for the updating and focusing of UNIDO priorities in the light of new developments, thus ensuring a verifiable impact across the whole range of UNIDO's services.

Output: The outputs of this activity include:

- (i) Identifying the range of UNIDO interventions most appropriate to fulfill the Organization's mission by relying on well-defined fields of specialization;
- (ii) Enhancing the developmental impact of UNIDO's operational activities;
- (iii) Furthering UNIDO's research agenda through in-house and collaborative research projects;
- (iv) Generating outputs of immediate usefulness for the international development policy community; and
- (v) Achieving a synthesis between the routine and innovative features of UNIDO programmes in harmony with advances in the understanding of the development process and the evolving challenges faced by the Member States.

Programme B.2: United Nations System Coordination

General description

B.6. The Programme is designed to ensure adequate representation in New York and Geneva to strengthen UNIDO's international position, visibility, coordination, and interaction with the United Nations system and other development/financing agencies, including the World Trade Organization (WTO) and World Bank Group, and to maintain a close liaison with missions of the Member States and the European Commission.

Need and objective

Need

B.7. The Programme is needed to help ensure that UNIDO's policies and programmes are consistent with the policy guidance provided by the General Assembly, ECOSOC and the major international conferences, such as the Millennium Summit, Third United Nations Conference on the Least Developed Countries,

International Conference on Financing for Development, and the World Summit on Sustainable Development. It is also needed to help ensure the complementarity of UNIDO's programmes with those of the United Nations system and of other development and financing agencies, and facilitates UNIDO's participation in such multilateral mechanisms as the United Nations Development Group. In addition, the Programme is required to help promote political and other support for UNIDO, and give the Organization the visibility it requires to be able to contribute to the global effort to promote sustainable development and alleviate poverty.

Objective

B.8. The objective of the Programme is to ensure the appropriate representation and interaction of UNIDO with the United Nations system, resident governmental, inter-governmental and inter-agency bodies, civil society institutions, and the media in the places and areas covered by the New York and Geneva offices. The Programme's objective is also to secure and strengthen UNIDO's international position through a proper contribution to the international development agenda and the United Nations reform process, and to create awareness of UNIDO's contributions to these efforts. The Programme is also intended to generate full awareness among Permanent Missions of UNIDO's programmatic contributions, and of the financial support required for their implementation.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
General			Regular	Operational	
Professional	Service	Total	budget	budget	Total
5.0	2.0	7.0			
			Staff costs	2,366,300	2,366,300
			Official travel	53,000	53,000
			Operating costs	390,850	390,850
			Information and comm. techn.	62,200	62,200
			Total gross expenditure	2,872,350	2,872,350
			Total net resources	2,872,350	2,872,350

Activities and outputs

B.9. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Promote UNIDO's participation in the United Nations General Assembly and ECOSOC sessions, meetings of other international organizations and events related to UNIDO activities.

Output: UNIDO's participation and involvement in different United Nations and other international meetings, events, initiatives and multilateral mechanisms.

- (b) **Activity:** Assist in developing joint activities with other international organizations.

Output: Joint activities and more focused initiatives with other international organizations.

- (c) **Activity:** Maintain contacts with the Permanent Missions of the Member States and European Commission, help liaise and coordinate UNIDO activities with the United Nations system and other development/financing agencies, as well as CSOs.

Output: Better positioning, image and visibility within the United Nations system and international community.

- (d) **Activity:** Represent UNIDO at political, inter-agency and technical meetings, and prepare and deliver statements at these meetings.

Output: Proper reflection of UNIDO activities in the United Nations documentation and resolutions.

- (e) **Activity:** Provide information, analysis and advice to the UNIDO Secretariat in connection with the above, and provide ongoing follow-up support at the request of Headquarters.

Output: Enhanced ability of the UNIDO Secretariat to respond to important international development-related initiatives.

Programme B.3: Communication and Information

General description

B.10. The Programme provides simple tools to achieve a better understanding of the role, accomplishments and relevance of UNIDO. It undertakes initiatives that are designed to explain the mission of UNIDO and its relevance.

Need and objective

Need

B.11. The Programme addresses the need to articulate, shape and project the public image of the Organization through a network of active contacts with print, electronic and broadcasting media and ensures that information disseminated to the media by UNIDO is based on comprehensible and consistent messages in line with the Organization's programmatic priorities.

Objective

B.12. The objective of the Programme is to advise the Director-General on UNIDO's strategies and policies for communication and public information activities. Such activities include corporate marketing, public and media relations, coordination of contacts with other United Nations agencies and other international organization relevant for UNIDO's activities.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General		Regular budget	Operational budget	Total
	Service	Total			
2.0	3.0	5.0	Staff costs	865,100	865,100
			Consultants	16,400	16,400
			Official travel	42,200	42,200
			Operating costs	636,890	636,890
			Total gross expenditure	1,560,590	1,560,590
			Total net resources	1,560,590	1,560,590

Activities and outputs

B.13. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Advise, in collaboration with other UNIDO divisions, field offices, etc., the Director-General on the promotion of the public image of UNIDO.

Output: Verbal and written recommendations to the Director-General on how to promote the public image of UNIDO.

- (b) **Activity:** Arrange interviews and meetings with the Director-General and senior UNIDO management to ensure appropriate media coverage of UNIDO's activities.

Output: Interviews by the Director-General and senior UNIDO management in the media and meetings between senior UNIDO management and the media.

- (c) **Activity:** Implement a communication strategy and plan that will generate the interest of the media in the services provided by UNIDO.

Output: Finalization of the required communication strategy.

- (d) **Activity:** Design and coordinate a uniform corporate identity for all publications and supervise the production and dissemination of information material.

Output: Establishment of corporate identity.

- (e) **Activity:** Plan and organize events, briefings, seminars, etc. to promote public understanding of UNIDO's role and achievements in the field of industrial development.

Output: Required events organized effectively and successfully.

- (f) **Activity:** Respond to enquiries from all sources on the work of the Organization.

Output: Responses given as required.

Programme B.4: Comptroller-General

General description

B.14. The objective of the Programme is to improve the performance and assure the accountability of the Organization by ensuring that internal control mechanisms work efficiently and effectively through proactive reviews of all operations of the Organization, as well as monitoring of all operations to ensure the optimal use of the available resources. The Programme has overall responsibility for the following main functions:

- (a) Internal oversight;
- (b) Programme/projects evaluation;
- (c) Provision of advice on financial and programme issues;
- (d) Programme policy monitoring.

B.15. Programme B.4 has three subprogrammes: B.4.1 – Comptroller-General’s Office; B.4.2 – Internal Oversight; and B.4.3 – Evaluation Services.

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
General	Service	Total	Regular budget	Operational budget	Total	
8.0	7.0	15.0	Staff costs	3,204,600	119,100	3,323,700
			Consultants	46,100		46,100
			Official travel	53,000		53,000
			Operating costs	42,400		42,400
			Total gross expenditure	3,346,100	119,100	3,465,200
			Total net resources	3,346,100	119,100	3,465,200

By subprogramme

	Posts		Regular and operational budgets	Technical cooperation (extrabudgetary)	TOTAL
	P	GS			
B.4.1. Comptroller-General's Office	2.0	2.0	1,039,800		1,039,800
B.4.2. Internal Oversight	3.0	3.0	1,202,100		1,202,100
B.4.3. Evaluation Services	3.0	2.0	1,223,300		1,223,300
B.4. Total programme	8.0	7.0	3,465,200		3,465,200

Subprogramme B.4.1: Comptroller-General’s Office

General description

B.16. The subprogramme is primarily aimed at operating the management and performance control framework of the Organization. It also provides management and direction to ensure effective coordination and cooperation among the component subprogrammes of Programme B.4, as well as with all other major

programmes and subprogrammes. The subprogramme is also responsible for assisting the Director-General in monitoring the adherence of the Organization's activities and programmes to stated objectives and standards of accountability, effectiveness and efficiency.

Need and objective

Need

B.17. The need for this subprogramme is defined through provisions in the financial and staff regulations and rules, various administrative instructions, and decisions of the governing bodies.

Objective

B.18. The objective of the subprogramme is to design, maintain, operate and monitor the management control framework of UNIDO so as to improve the performance and assure the accountability of the Organization. Towards this objective, the subprogramme ensures that internal control mechanisms work efficiently and effectively; conducts proactive reviews of all operations of the Organization; introduces appropriate controls for monitoring and reporting; and operates a comprehensive performance management system. The Programme also liaises with the External Auditor, the Joint Inspection Unit, Member States, policy-making organs and other strategic partners on relevant issues.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General	Total	Regular budget	Operational	Total
	Service			budget	
2.0	2.0	4.0	Staff costs	946,900	946,900
			Consultants	25,700	25,700
			Official travel	31,800	31,800
			Operating costs	35,400	35,400
			Total gross expenditure	1,039,800	1,039,800
			Total net resources	1,039,800	1,039,800

Activities and outputs

B.19. During the biennium, the subprogramme will focus on the following activities and outputs:

- (a) **Activity:** Continuously keep up-to-date on major trends and best practices in the area of management controls, develop a corporate control framework, and advise the Director-General on key measures to improve the Organization's performance.

Output: Optimal use of the Organization's resources, and implementation of best practices in various management fields

- (b) **Activity:** Monitor, in cooperation with other organizational units, the activities carried out by the Organization and the utilization of the resources entrusted to the Organization, report thereon to senior management and policy-making organs, and initiate and enforce measures and procedures in order to ensure that the business of the Organization shall be conducted with efficiency and economy.

Output: Issuance of timely reports recommending actions to address relevant issues, protect the interests and assets of the Organization, and ensure accountability for the resources entrusted to various programme managers.

- (c) **Activity:** Provide upstream advice on financial and programmatic issues.

Output: Improved efficiency and financial controls.

- (d) **Activity:** Plan, formulate and coordinate the implementation of the work programmes of the Programme taking into account the strategic priorities, mandate and objectives of the Organization, as well as the parameters set by the decisions and resolutions of the policy-making organs.

Output: A work programme effectively implemented, addressing all major issues/concerns resulting in better accountability.

Subprogramme B.4.2: Internal Oversight

General description

B.20. The subprogramme is responsible for carrying out proactive and systematic audits and reviews of all operations of the Organization to provide independent and objective assessment of the rationale, adequacy, efficiency and effectiveness of management control systems, including policies and procedures, regulations and rules, and processes.

Need and objective

Need

B.21. The need for this subprogramme is defined through provisions in the financial regulations and rules, various administrative instructions, and decisions of the governing bodies.

Objective

B.22. The objective of the subprogramme is to assist the management in the effective discharge of its responsibilities, particularly in the proper care and use of resources, compliance with regulations and rules, decisions of the policy-making organs and administrative instructions.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General	Total	Regular budget	Operational budget	Total	
	Service					
3.0	3.0	6.0				
			Staff costs	1,059,200	119,100	1,178,300
			Consultants	10,200		10,200
			Official travel	10,600		10,600
			Operating costs	3,000		3,000
			Total gross expenditure	1,083,000	119,100	1,202,100
			Total net resources	1,083,000	119,100	1,202,100

Activities and Outputs

B.23. During the biennium, the subprogramme will focus on the following activities and outputs:

- (a) **Activity:** Develop and maintain the audit methodology of UNIDO, including an audit manual, and continuously keep up-to-date on major trends and best practices and advise management on key measures to improve the internal control framework.

Output: An audit manual containing up-to-date audit methods, and introduction and implementation of best practices.

- (b) **Activity:** Assist the overall management of the Organization through the conduct of audits on the efficient and best uses of human and financial resources, and by reviewing the development of new procedures and systems.

Output: Several audit reports containing recommendations for improvement, making a proactive input to new procedures and systems.

- (c) **Activity:** Conduct audits/reviews of selected programmes, services, systems, procedures and operations from all sources of funds, both at Headquarters and the field. These audits and reviews will take into account various management concerns and seek to ensure that due process has been followed and that the resources have been used efficiently and effectively, and to assess whether objectives, outputs and achievements etc., were in line with approved programmes and projects.

Output: Several audit reports containing recommendations and providing an assessment on the achievements of programmes, projects, activities, and on lessons learned.

- (d) **Activity:** Conduct audits on compliance with established regulations and rules, financial delegation of authority, accounting, systems and reporting, such as the regularity of receipt, custody and disposal of all funds and other resources of the Organization, as well as conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Conference, or with the purposes and rules relating to trust funds and special accounts, thereby identifying inconsistencies.

Output: Several reports assessing compliance with the relevant regulations, rules and instructions containing recommendations for improvement.

- (e) **Activity:** Perform risk assessments and inspections to identify vulnerable areas and malfunctions, including fraud awareness, prevention and detection, taking into account the External Auditor's observations, notify management thereof and recommend remedial actions.

Output: Review of high-risk areas, including fraud prevention measures, thus reducing the Organization's exposure in vulnerable areas.

- (f) **Activity:** Conduct investigations with regard to specific allegations, fraud, misconduct, undue behaviour and possible violations of regulations, rules and administrative instructions, etc. and make recommendations to safeguard the Organization's interests.

Output: Several reports on accountability.

- (g) **Activity:** Review financial, managerial and operating information to assess its accuracy and reliability in all material respects, and its timeliness.

Output: Confirmation of accurate and timely information to all stakeholders.

Subprogramme B.4.3: Evaluation Services

General description

B.24. The subprogramme is an integral part of UNIDO's continuous improvement process. The evaluation function provides analytical and objective feedback of project/programme achievements (planned versus actual), including impact for the purposes of learning lessons and for accountability to management, donors and counterparts. Evaluations inform on programme/project results, which are used to improve the quality of design and delivery of current and future programmatic activities.

Need and objective

Need

B.25. The subprogramme provides the objective analysis and recommendations needed by decision-makers for improving on-going and future project/programme implementation and for planning new technical cooperation activities. Evaluation results are also needed for organization-wide knowledge building through the provision of independent assessments of programme impact and of lessons learned. Given the partnership between UNIDO and its counterparts in recipient countries, as well as with its donors, an evaluation methodology is required, which ensures the full participation of all concerned.

Objective

B.26. UNIDO management and staff, policy-making organs, as well as donors and recipients receive the performance assessments, recommendations and lessons learned they require to take informed decisions to continuously improve the design, implementation and impact of UNIDO's programmatic services, as well as decide on new services.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
3.0	2.0	5.0	Staff costs	1,198,500	1,198,500
			Consultants	10,200	10,200
			Official travel	10,600	10,600
			Operating costs	4,000	4,000
			Total gross expenditure	1,223,300	1,223,300
			Total net resources	1,223,300	1,223,300

Activities and Outputs

B.27. During the biennium, the subprogramme will focus on the following activities and outputs:

- (a) **Activity:** Organize and manage the entire evaluation process, directly carrying out evaluations as staff resources allow, or in cooperation with professional evaluation consultants, preparing special reports as required.

Output: Twenty in-depth evaluation reports, ensuring follow-up to recommendations made through use of project terminal and client satisfaction reporting systems.

- (b) **Activity:** Provide the Organization with the guidelines, tools and methodologies required to self-assess and monitor projects and programmes and to conduct in-depth independent evaluations, ensuring continuous improvement based on best practices.

Output: Evaluation guidelines, tools, methodologies and training materials upgraded and staff trained.

- (c) **Activity:** Provide continuous advice to management and staff when designing and implementing projects and programmes.

Output: Monographs on lessons learned produced and disseminated as required.

- (d) **Activity:** Cooperate with the United Nations, its specialized agencies, as well as bilateral cooperation agencies, in harmonizing and exchanging information on evaluation policies, procedures and practices.

Output: Unified evaluation policies, procedures and practices, where appropriate.

MAJOR PROGRAMME C: STRENGTHENING OF INDUSTRIAL CAPACITIES

General description

C.1. To help client countries meet the challenges of globalization, Major Programme C is intended to contribute to poverty reduction through wealth creation. Its principle objective is to ensure that developing countries and countries with economies in transition have ready access to knowledge, skills and technology relevant to industrial development and economic transformation. This objective is based on the premise that knowledge, skills and technology contribute to increased investment and trade, which, in turn, contribute to economic growth, employment generation and, ultimately, poverty reduction.

C.2. Major Programme C has five Programmes: C.1 – Industrial Governance and Statistics; C.2 – Industrial Promotion and Technology; C.3 – Quality and Productivity; C.4 – Small Business Development; and C.5 – Direction and Management.

C.3. Through its four substantive Programmes, the Major Programme will address a range of critical industrial problems, especially those faced by the least developed countries, such as lack of industrial competitiveness and performance, low levels of technology and skills and restricted access to international markets. While ensuring that it meets the needs of all Member States, it will put particular emphasis on activities in support of the New Partnership for Africa's Development (NEPAD), and especially on the NEPAD priority areas of poverty reduction; promotion of investment and private capital flows; and strengthening the manufacturing sector.

C.4. Major Programme C is responsible for providing all technical cooperation services on technological and economic issues in the industrial sectors concerned. It provides advisory and institutional capacity-building services to promote investment and technology flows and to facilitate business alliances.

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
General	Professional Service	Total	Regular budget	Operational budget	Total	
66.0	48.0	114.0	Staff costs	16,760,200	5,808,200	22,568,400
			Consultants	1,137,800		1,137,800
			Meetings	654,670		654,670
			Official travel	477,400		477,400
			Operating costs	1,210,100		1,210,100
			RPTC/SRA	8,936,700		8,936,700
Technical cooperation			Total gross expenditure	29,176,870	5,808,200	34,985,070
Technical cooperation (extrabudgetary)		40,033,800	Total net resources	29,176,870	5,808,200	34,985,070
			Total resources (including extrabudgetary TC)			75,018,870

By programme

	Posts		Regular and operational budgets	Technical cooperation (extrabudgetary)	TOTAL
	P	GS			
C.1. Industrial Governance and Statistics	21.0	16.0	11,982,600	3,331,900	15,314,500
C.2. Investment and Technology Promotion	18.0	12.0	8,526,330	14,521,700	23,048,030
C.3. Quality and Productivity	8.0	5.0	4,828,440	9,204,100	14,032,540
C.4. Small Business Development	17.0	11.0	8,496,740	12,976,100	21,472,840
C.5. Direction and Management	2.0	4.0	1,150,960		1,150,960
C. Total major programme	66.0	48.0	34,985,070	40,033,800	75,018,870

Programme C.1: Industrial Governance and Statistics

General description

C.5. The services provided by this Programme are aimed at developing the analytical and decision-making capabilities of the stakeholders (Governments, support institutions and organizations of the private sector and civil society) involved in the design and implementation of strategies, policies and programmes to promote sustainable industrial development in developing countries and economies in transition. These services also contribute to strengthening the capabilities of UNIDO in the design of its technical cooperation activities.

C.6. The range of services covered by this Programme includes both global forum and technical assistance activities. The main global forum activities include the production and dissemination of the Industrial Development Reports, including the Scoreboard of Industrial Development; of industrial statistics; of regional, country and sectoral surveys; and of target-oriented research on policy instruments and support institutions. These global forum activities are complemented by a range of technical cooperation services to strengthen capacities in public and private sector institutions for the effective and consensual formulation and implementation of policies and strategies for industrial development.

Need and objective

Need

C.7. Developing countries and economies in transition are searching for new forms of governance to improve the contribution of their industries to productivity growth and sustainable development in the context of globalization and technological change. While acknowledging the need to establish appropriate framework conditions through macro-economic stability, institutional reforms and open trade and investment policies, they also recognize that these framework conditions and policies alone are not sufficient to ensure a process of sustainable industrial development and technological upgrading. To achieve this, developing countries and economies in transition need to formulate and implement strategies and policies, which will enhance the capabilities of national and local industries to innovate and improve their performance in domestic and export markets. By continuously refining its capacity to analyze and assess strategies, policies and industrial sector developments, UNIDO can improve its ability to support developing countries and economies in transition in these efforts through its technical cooperation programmes.

Objective

C.8. The global forum-related objective of this Programme is to improve the capacities and capabilities of developing countries, economies in transition and UNIDO to formulate, implement and monitor industrial strategies, policies and programmes, which will enhance innovation and productivity growth, promote

sustainable industrial development and thus contribute to the achievement of the Millennium Development Goals of the United Nations. This will be achieved by producing and disseminating information and knowledge based on strategic research, economic analysis and statistics.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General	Total		Regular	Operational	Total
	Service			budget	budget	
21.0	16.0	37.0	Staff costs	6,095,400	1,082,600	7,178,000
			Consultants	878,300		878,300
			Meetings	437,870		437,870
			Official travel	180,300		180,300
			Operating costs	614,230		614,230
			RPTC/SRA	2,693,900		2,693,900
Technical cooperation			Total gross expenditure	10,900,000	1,082,600	11,982,600
(extrabudgetary) 3,331,900			Total net resources	10,900,000	1,082,600	11,982,600
			Total resources (including extrabudgetary TC)			15,314,500

Activities and outputs

C.9. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Regular publication of the flagship Industrial Development Report offering information and analysis to policy-makers, business leaders and institutions to assist them to better understand the process of productivity growth and innovation in developing countries and economies in transition in the new context of globalization and technological changes. This Report also incorporates the Scoreboard of Industrial Development, which monitors and benchmarks competitive industrial performances and a selected number of structural drivers of industrial capabilities in industrialized and developing countries as well as economies in transition.

Output: One issue of the Industrial Development Report, incorporating the Scoreboard of Industrial Development, published regularly.

- (b) **Activity:** Preparation and publication of several regional, country and sectoral surveys of industrial development, and of case studies of the industrial innovation and learning process and systems of highly performing and innovative city-regions prepared in the framework of the International Network of Dynamic City-Regions.

Output: Regional, country and sectoral surveys of industrial production, including case studies of innovative city-regions.

- (c) **Activity:** Analysis and identification of innovative and appropriate policy instruments through target-oriented research, drawing, *inter alia*, on the International Network of Dynamic City-Regions and on partnership programmes with leading universities and research centers.

Output: Research papers and policy briefs on innovative policy instruments and institutions supporting innovation and sustainable industrial development.

- (d) **Activity:** Provision of country-level advice for the formulation, implementation and assessment of industrial policy and strategy, *inter alia*, through the preparation of competitiveness profiles as an analytical basis for sound policy formulation; the fostering of consensual policy-making through the creation of public-private partnership mechanisms; the enhancement of private sector capacities for effective policy and strategy advocacy; and a sharpening of the focus of industrial policies and strategies on productivity enhancement, technology upgrading and innovation.

Output: Advisory services and associated documents to support the formulation and implementation of industrial policies and strategies in developing countries and transition economies.

- (e) **Activity:** Implementation of UNIDO's international mandate in the field of industrial statistics, including the maintenance and dissemination of the UNIDO statistical database; the preparation of statistical publications including the International Yearbook of Industrial Statistics, statistical country briefs and statistical regional outlooks; contributions to the international statistical community in the development and promotion of standard methodologies; and technical assistance in the field of industrial statistics to developing countries and economies in transition.

Output: Statistical services as detailed above.

Programme C.2: Investment and Technology Promotion

General description

C.10. The Programme comprises a set of integrated advisory and institutional capacity-building services as well as a number of associated global forum activities designed to strengthen national capabilities in investment promotion, increase the attractiveness of the investment climate, provide advisory services for the entire investment promotion and technology transfer process, facilitate technology diffusion and the development of national innovation systems, develop technology foresight programmes, and establish and sustain subcontracting and partnership exchanges (SPXs) to enable local firms to gain access to the sourcing, technology, production and market networks of local and international firms. Through these measures, the Programme aims to improve the productivity of local enterprises and increase competitive gains with respect to trade facilitation and access to international industrial markets.

C.11. The Programme is supported by several tools and methodologies developed by UNIDO, including the Organization's international technology centres, Investment and Technology Promotion Office (ITPO) and SPX networks; UNIDO Exchange and web-enabled technology needs assessment and technology transfer framework.

Need and objective

Need

C.12. This Programme responds to the need to correct the growing asymmetries between countries in terms of investment and technology flows, capital formation, technical change and productivity growth at sector and enterprise levels, and the quality of institutional capacities and capabilities. These widening divisions represent disparities in the relative benefits of, and returns from, globalization between the industrialized countries on the one hand, and developing countries and countries with economies in transition on the other. Consequently, many developing countries and transition economies are deprived of the increasingly

important knowledge-based competitive advantages, and are faced with marginalization arising from low levels of investment, reduced access to modern technology, and limited industrial markets.

C.13. This is particularly true with regard to small- and medium-sized enterprises (SMEs), whose evolution into mature businesses provides the bulk of the economic growth potential in developing countries and transition economies, but is constrained by their limited access to investment, technology, and international production systems. To promote the growth of these SMEs, and thereby unlock the potential for widespread industrial development to support prosperity, requires the introduction of measures to overcome a mutually reinforcing mix of debilitating factors, including ineffective technology and investment promotion policies, inappropriate legislative and regulatory structures, inadequate institutional support systems to promote investment and technology, a lack of market information and channels, and weak competitive capacities.

Objective

C.14. The objective of the Programme is to assist developing countries and transition economies prevent their marginalization from the benefits of widespread industrial technology and investment and, therefore, to close the gap between rich and poor. Such assistance strengthens domestic capacities to acquire industrial technologies and associated investment flows and also enables sustainable international business alliances. This is especially cogent in the light of the framework provided by the New Partnership for Africa's Development (NEPAD).

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
18.0	12.0	30.0				
			Staff costs	3,814,900	2,054,300	5,869,200
			Consultants	107,900		107,900
			Meetings	49,900		49,900
			Official travel	148,600		148,600
			Operating costs	208,630		208,630
			RPTC/SRA	2,142,100		2,142,100
			Total gross expenditure	6,472,030	2,054,300	8,526,330
Technical cooperation (extrabudgetary)		14,521,700	Total net resources	6,472,030	2,054,300	8,526,330
Total resources (including extrabudgetary TC)						23,048,030

Activities and outputs

C.15. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Improvement of national policies; strategies and regulatory environments for industrial promotion through investment and technology, in view of increasing factor productivity and capital accumulation for industrial trade.

Output: Assistance to Governments to design improved policies, strategies and legal and regulatory frameworks for investment and technology promotion relevant to the new economic context; as well as assistance with the formulation and implementation of technology foresight programmes to define the future orientation of technology acquisition and development programmes in accordance with trends in technological change.

- (b) **Activity:** Building institutional capacities for absorbing and mastering technology, enhancing capabilities for attracting investment, and building industrial/entrepreneurial alliances.

Output: Establishment and reinforcement of national, regional and international investment and technology promotion institutions, including financial institutions, *inter alia*, through advanced staff training programmes such as the ITPO Delegates Programme and training in the use of UNIDO's on-line promotional tools and project-related financial appraisal methodologies and mechanisms; the enhancement of North-South and South-South technology flows; assistance in managing technological change and the establishment and strengthening of SPXs as match-making and promotional mechanisms between buyers and suppliers; and assistance to Governments in the formulation and promotion of private financing proposals for industrial infrastructure projects.

- (c) **Activity:** Promotion of business alliances within integrated international technology, manufacturing, production and market networks.

Output: Support for national investment- and technology-related institutions to develop strategic business alliances with potential foreign investors and technology suppliers; dissemination of appraised investment and technology project proposals among financial institutions seeking to support direct investment opportunities in developing countries and economies in transition; promotion of supply chain and related manufacturing alliances between main and subcontractors, or buyers and suppliers, through networks of specialized institutions, such as SPXs, or events and fairs.

- (d) **Activity:** Global forum functions.

Output: Monitoring and analysis of technology developments and trends in order to improve guidelines and methodologies for technology foresight as a decision-making tool for technology policy and industrial development; IT platforms for on-line assistance to support the promotion of investment and technology and the strengthening of associated institutions, including members of the UNIDO Exchange community; meetings, workshops and seminars for national counterpart institutions and representatives of international organizations such as Multilateral Investment Guarantee Agency (MIGA), Foreign Investment Advisory Service (FIAS), United Nations Conference of Trade and Development (UNCTAD) and the European Union (EU); guidelines, manuals, training models and on-line services for managing the content and process of investment promotion and technology transfer; development and maintenance of UNIDO's COMFAR financial project appraisal software system to meet new information technology requirements; maintenance and enhancement of a global outsourcing and suppliers network and its link-up with e-markets through the newly developed "Outsourcing 2000" software.

Programme C.3: Quality and Productivity

General description

C.16. The Programme is intended to enable developing countries and economies in transition to integrate effectively into the market-driven global economy through the provision of capacity-building interventions facilitating market access, coupled with initiatives aimed at fostering competitiveness and productivity growth at the firm level. Although the new world trade order provides opportunities for developing countries and economies in transition to derive tangible benefits by producing value-added manufactured goods targeting global markets, existing standards and technical regulations continue to constitute difficult obstacles

for developing countries. In response, the “Development Agenda” agreed at the Doha WTO meeting was targeted at assisting developing countries overcome market access barriers and become effective and capable partners in the new global trade regime. NEPAD has expressed similar concerns about the inability of African countries to access international markets, without having the institutional mechanisms to meet global market entry requirements. The Programme will, therefore, support the development of national and regional institutional capabilities for the development, dissemination and implementation of quality and environmental management system standards, industrial metrology and calibration, product testing laboratory development, and laboratory accreditation and conformity assessment.

C.17. Since these issues are becoming global market access issues, it is also necessary to provide a global forum facility, utilizing the accumulated experience and knowledge UNIDO has gained in this field over the last 30 years.

Need and objective

Need

C.18. The Programme will address three principal needs:

(a) *The need to comply with international standards* – Global trade is based on international standards to which developing countries must comply. It is, therefore, necessary to strengthen the capacity of developing countries for the development and dissemination of product and process standards as well as a number of good manufacturing practices – such as the ISO 9000 Quality Management System, the ISO 14000 Environmental Management System, and the hazard analysis and critical control points (HACCP) system in the food industry – which have become *de facto* standards and a pre-requisite for gaining access to markets;

(b) *The need to enhance the competitiveness of manufacturers* – In order to compete in global production and trade, enterprises have to offer competitive, safe, reliable and cost-effective products. At present, the products manufactured in developing countries are insufficient to make a major impact in the global market. The supply capacity of developing countries and transition economies consequently needs to be significantly enhanced, and enterprises in these countries have to increase their productivity, quality and manufacturing value-added continuously in order to be competitive in a dynamic global setting. For this reason, such enterprises often have to be restructured and upgraded in addition to receiving support for productivity and quality improvement;

(c) *The need to meet conformity requirements* – The products offered in the global market must comply with international standards and conformity assessment requirements, which are enshrined in the WTO agreements covering technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS). This requires developing countries to have the institutional and legal framework for standards, metrology, testing and quality (SMTQ), as well as certification and conformity assessment mechanisms that provide evidence of conformity to international standards. This is normally achieved through complying with mutual recognition agreements (MRAs) promoted by international bodies such as the International Laboratory Accreditation Cooperation (ILAC) and the International Accreditation Forum (IAF).

C.19. In addition, this Programme will respond to the critical need for global forum activities and useful training material to provide clarity to the issue of testing and conformity assessment, which has created considerable controversy in the context of the TBT/SPS agreement.

Objective

C.20. In responding to the needs enumerated above, the Programme will assist developing countries and economies in transition to develop and/or upgrade their national institutional capacities for the development, formulation, dissemination and certification of such systems of standards as ISO 9000, ISO 14000 and HACCP, and to become active participants in the international standards development process. In addition, the Programme will assist developing countries and economies in transition to improve productivity and quality by developing national capacities for enterprise restructuring and upgrading. Finally, it will support these countries in establishing and/or upgrading their metrology and testing laboratories, and obtaining their international accreditation, as well as improving their conformity assessment procedures along the mutual recognition arrangements promoted by the International Laboratory Accreditation Cooperation (ILAC) and International Accreditation Forum (IAF). The Programme will also undertake global forum activities on these topics.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
8.0	5.0	13.0				
			Staff costs	1,574,600	1,076,600	2,651,200
			Consultants	61,800		61,800
			Meetings	60,800		60,800
			Official travel	31,900		31,900
			Operating costs	111,440		111,440
			RPTC/SRA	1,911,300		1,911,300
			Total gross expenditure	3,751,840	1,076,600	4,828,440
Technical cooperation (extrabudgetary)		9,204,100	Total net resources	3,751,840	1,076,600	4,828,440
Total resources (including extrabudgetary TC)					14,032,540	

Activities and outputs

C.21. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Strengthen the legal and regulatory framework for SMTQ.

Output: Assistance to Governments to develop the legal and regulatory framework relating to SMTQ and the development of a quality and productivity policy in support of industrial competitiveness, market access, and the protection of consumer health, safety and the environment.

- (b) **Activity:** Capacity-building for standardization and conformity assessment.

Output: The establishment or strengthening of laboratories and/or standardization and accreditation bodies by providing training and technical support; facilitating international networking and linkages, *inter alia*, through twinning and partnership arrangements; supporting awareness programmes to promote the adoption of standards at national and regional levels; assisting in the participation in regional and international standards-setting forums and networks; and supporting the recognition of the national accreditation body by IAF and ILAC.

- (c) **Activity:** Engage in capacity-building and technology diffusion in metrology.

Output: The establishment or strengthening of laboratory capacities for industrial and legal metrology by identifying calibration and verification equipment requirements; assisting in the physical set-up and start-up of laboratories; upgrading measurement equipment according to international standards; training technicians; providing assistance in networking, inter-laboratory comparisons, mutual recognition arrangements and accreditation; and implementing the UNIDO Measurement and Control-Chart Toolkit (MCCT) software to meet the requirements related to metrological control of the ISO 9000 standards.

- (d) **Activity:** Provide quality management and productivity improvement.

Output: Self-sustained continuous improvement in the business performance of enterprises benefiting from the UNIDO quality approach through institutional and human capacity-building for the implementation of quality management methodologies and systems; the promotion of productivity through the establishment of regional and national quality and productivity centres; the provision of process and competitiveness benchmarking services by these centres; and the dissemination of UNIDO's business excellence software packages such as PHAROS (Business Navigator for SMEs), BEST (Business Environment Strategic Toolkit), FIT (Financial Improvement Toolkit) and MCCT (Measurement Control Chart Toolkit).

- (e) **Activity:** Provide assistance in industrial restructuring and upgrading.

Output: Enhanced capacities, including policies, technical and financial support mechanisms in public- and private-sector institutions, and national consulting capabilities, to develop national industrial upgrading and restructuring schemes.

- (f) **Activity:** Global forum activities.

Output: Linkages and cooperation among regional and international organizations and standardization and accreditation bodies to facilitate inter-agency cooperation in trade-related technical assistance, mutual recognition of certificates and harmonization of standards; monitoring and analysis of global trends in these fields, *inter alia*, through participation in international conferences, to promote awareness and strengthen the trade capacity of developing countries; the development of training manuals and guidebooks to disseminate best practices in support UNIDO's market access-related activities; and the further development of UNIDO's business excellence tools such as BEST, FIT and PHAROS.

Programme C.4: Small Business Development

General description

C.22. The Programme comprises capacity-building services for the design and implementation of effective SME policies and the development of a coherent set of specialized support institutions and facilities for SMEs in both the public and private sector. Business linkages among SMEs, and between SMEs and large enterprises, are promoted within the context of SME networks and clusters, and business partnerships. Special emphasis is placed on entrepreneurship development in rural areas and on reducing the gender gap through the promotion of women's entrepreneurship. Various analytical tools, training programmes, manuals and guidelines, drawing on agreed best practices in the SME donor community, are applied in this Programme.

Need and objective

Need

C.23. Optimizing the productivity, competitiveness and resilience of an economy and its industrial sector requires an appropriate mix of large, medium and small enterprises. SMEs play a leading role in creating employment, income and value added. They account for the vast majority of manufacturing enterprises and between 40 and 80 per cent of manufacturing employment. In LDCs, their role is even more important, since SMEs often offer the only realistic prospect for creating additional employment, and thus reducing poverty. The potential contribution of SMEs to innovation, technological dynamism and exports, can also be significant.

C.24. While a healthy SME sector is crucially important for inclusive and socially sustainable development, SMEs often face problems related to their size and isolation, including the inability to achieve economies of scale and difficulties in entering national, regional and global value chains driven by large, often transnational, corporations. Their specific constraints include complex laws and regulations, limited technical and managerial skills, difficulties in obtaining access to financing (both credit and equity) and information, as well as insufficient knowledge about laws, regulations, markets and standards. The needs of medium-, small- and micro-enterprises differ significantly from one another, and call for customized support. However, the institutions providing support services to SMEs are frequently poorly designed and lack sufficient impact, outreach and cost-effectiveness.

Objective

C.25. The objective of the Programme is to contribute to competitive and equitable industrial development through enhancing national capacities for formulating and implementing effective SME policies, improving the performance of SME support institutions, and strengthening domestic entrepreneurship as a precondition for widening local markets and accessing global markets. In meeting these objectives, the Programme will further sharpen its focus during the biennium, and provide both direct services to various types of SMEs in response to their specific requirements as well as cross-cutting support related to policy frameworks and information services.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
17.0	11.0	28.0	Staff costs	4,192,500	1,594,700	5,787,200
			Consultants	89,800		89,800
			Meetings	106,100		106,100
			Official travel	63,600		63,600
			Operating costs	260,640		260,640
			RPTC/SRA	2,189,400		2,189,400
Technical cooperation			Total gross expenditure	6,902,040	1,594,700	8,496,740
(extrabudgetary) 12,976,100			Total net resources	6,902,040	1,594,700	8,496,740
Total resources (including extrabudgetary TC)					21,472,840	

Activities and outputs

C.26. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** The promotion of rural and women's entrepreneurship development based on a pro-poor and bottom-up growth strategy aimed at sustainable poverty reduction, and focusing in particular on micro-enterprises producing for local markets that have a potential to move from mere survival strategies into an expansion and upgrading path.

Output: Improved business environment for micro-enterprises, especially those run by women entrepreneurs, and enhanced capacities among the entrepreneurs to take advantage of the improved circumstances. In addition, at least two technical working papers and activity-specific manuals will be issued.

- (b) **Activity:** Development of SME clusters and networks, especially among small enterprises catering for domestic markets and beginning to look for niches in regional and global markets. This will be aimed at strengthening the pool of dynamic small enterprises that is often missing between the informal sector on the one hand and large corporations on the other. Emphasis will be placed on contributions to employment creation and productivity enhancement, building on the joint strength of groups of enterprises.

Output: Operational support for, and upgraded performance of, (at least 20) SME clusters and networks using established UNIDO methodology involving training of cluster/network development agents in national and international training courses and, where appropriate, twinning of clusters between developing and developed countries. Technical working papers and manuals on diagnostics and impact measurement will also be issued.

- (c) **Activity:** The development of business partnerships, aimed particularly at medium-sized enterprises that have reached a certain level of technological mastery and managerial and technical skills, with a view to promoting the sustainable integration of such enterprises into national, regional and global value chains, managed predominantly by transnational corporations, but also by large national corporations. In this context, close cooperation will be maintained with the United Nations Global Compact Office to ensure an alignment with system-wide principles and approaches.

Output: Improved SME performance through creation of sustainable business partnerships, with special emphasis on African countries and agro-based industries. In addition, the role of UNIDO in supporting the United Nations Global Compact will be defined and its possible contribution specified. Technical working papers and a manual on corporate responsibility requirements for SMEs will also be issued.

- (d) **Activity:** Capacity-building for SMEs policies and institutional support, to lay the foundations for a healthy business environment for SME development by putting in place an appropriate policy and regulatory framework.

Output: Assistance and training for policy-makers and SME advocacy bodies to enhance competencies on effective mechanisms to foster SME development, *inter alia*, by strengthening institutional structures, policies and related incentive schemes. In addition, process guidelines on the formulation of SME policies will be finalized and at least two technical working papers will be issued.

- (e) **Activity:** Promoting the development of information support services to improve the dissemination of SME-related business information available from public and private sources, and to establish national capacities for business information services. This reflects the fact that business information, in particular on markets, finance, technology and skills, is of crucial importance for enhancing the productivity and competitiveness of SMEs, and for increasing their domestic sales and export potential.

Output: Sustainable, commercially operating national one-stop-shops for SME business information and/or government information systems for SMEs, providing trade facilitation services and support for e-business operations. Rural access points will also be established to promote the enhanced use of ICT and e-business for productivity increases. At least two technical working papers will also be issued.

Programme C.5: Direction and Management

General description

C.27. The Programme is responsible for identifying and determining goals, and for providing leadership and effective and efficient management, as well as strategic direction to services and activities of Major Programme C.

C.28. Direction and Management addresses the need to maximize synergies among Programmes C.1, C.2, C.3 and C.4 and other substantive programmes delivered by UNIDO, and to ensure that they deliver the kind of focused services required by client countries within the framework of their mandates. Its objective is to strengthen both the quantity and efficiency of services delivered in order to create impact greater than the sum of their parts.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General		Regular budget	Operational budget	Total
	Service	Total			
2.0	4.0	6.0	Staff costs	1,082,800	1,082,800
			Official travel	53,000	53,000
			Operating costs	15,160	15,160
			Total gross expenditure	1,150,960	1,150,960
			Total net resources	1,150,960	1,150,960

Activities and outputs

C.29. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Direction and Management provides overall vision, strategic management and coordination for Programmes C.1, C.2, C.3 and C.4, by:
- (i) Defining and guiding the overall direction and focus of their activities;
 - (ii) Integrating their activities to achieve maximum value added; and

- (ii) Planning, coordinating, monitoring and approving work programmes and projects, budgets, staff resource allocations, promotional activities and training.

Programme C. 5 also assists the Director-General in the overall management and representation of the Organization.

Output: The quantity and efficiency of services delivered by the four substantive programmes as well as awareness created of and demand for the Organization's services.

MAJOR PROGRAMME D:

CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT

General description

D.1. To help client countries achieve sustainable industrial development and economic growth, Major Programme D is intended to contribute to strengthening their industrial capacities to protect the environment and reduce and control its degradation.

D.2. Major Programme D has five Programmes: D.1 – Agro-Industries; D.2 – Industrial Energy and Kyoto Protocol; D.3 – Montreal Protocol; D.4 – Environmental Management; and D.5 – Direction and Management.

D.3. Through its four substantive Programmes, the Major Programme will promote the development of agro-processing industries and cleaner and sustainable production, environmentally sound technologies and energy-efficiency improvements for industrial production. Through Programme D.1, it adds value to agricultural produce by promoting good and safe food-processing technologies, improved production of leather and leather products, and the conversion of forest products into furniture and building materials. Through Programmes D.2, D.3 and D.4, it acts as a platform for relevant global environmental issues and contributes to the development of approaches and exchange of experiences, particularly for climate change and persistent toxic substances.

D.4. Major Programme D will put particular emphasis on activities in support of NEPAD, and especially on the NEPAD priority areas of promoting market access for African agricultural products; development of coherent environmental programmes; and bridging the infrastructure gap in the supply of energy, issues related to climate change, the management of water resources and the sustainability of eco-systems.

D.5. Major Programme D is responsible for providing all technical cooperation services on technological and economic issues in the industrial sectors concerned. It supports the implementation of major international protocols and conventions such as the Montreal and Kyoto Protocols, the Global Environment Facility, the Commission on Sustainable Development and Convention on Persistent Organic Pollutants.

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	Service	Total	Regular budget	Operational budget	Total	
63.0	45.0	108.0				
			Staff costs	17,525,900	4,527,200	22,053,100
			Consultants	335,200		335,200
			Meetings	368,100		368,100
			Official travel	565,400		565,400
			Operating costs	182,010	707,100	889,110
			RPTC/SRA	4,415,500		4,415,500
Technical cooperation (extrabudgetary)			Total gross expenditure	23,392,110	5,234,300	28,626,410
			Total net resources	23,392,110	5,234,300	28,626,410
			Total resources (including extrabudgetary TC)			159,257,810

By programme

	Posts		Regular and operational budgets	Technical cooperation (extrabudgetary)	TOTAL
	P	GS			
D.1. Agro-Industries	15.0	11.0	7,592,300	13,762,300	21,354,600
D.2. Industrial Energy and Kyoto Protocol	15.0	9.0	6,983,060	15,528,100	22,511,160
D.3. Montreal Protocol	16.0	13.0	6,718,850	59,846,000	66,564,850
D.4. Environmental Management	16.0	10.0	6,656,200	41,495,000	48,151,200
D.5. Direction and Management	1.0	2.0	676,000		676,000
D. Total major programme	63.0	45.0	28,626,410	130,631,400	159,257,810

Programme D.1: Agro-Industries

General description

D.6. The Programme provides technical assistance and advice for capacity-building of support institutions for improving the competitiveness of agro-related industries. These comprise industries in the fields of food processing (including food safety and packaging), tanning of hides and skins, and the manufacture of leather and leather products, textiles and garments, furniture, joinery and structures from wood and non-wood forest products (e.g. bamboo), agro-machinery and tools. The services provided cover support in the field of technical innovation, and for the upgrading and/or re-engineering of factory production lines. Assistance is also extended to enterprises for demonstration and training purposes.

Need and objective

Need

D.7. Agro-industrial products contribute greatly to meeting basic human needs and sustaining livelihoods. Only a small proportion of produce is now processed, and there is a high degree of post-harvest waste due to insufficient storage facilities, inadequate infrastructure and poor knowledge of even basic techniques for increasing the value of these products through processing and manufacturing. Support institutions lack the capacity for providing the required extension services, professional and sectoral trade associations are frequently weak, and there are few specialized consulting firms able to advise on process and machinery selection, production planning and control, waste minimization, product mix, and choice of raw materials and technical inputs. Unemployment and under-employment is high, especially in rural areas, and existing artisanal SMEs cannot meet the quality standards required for export or to compete with imports. Adding value to agricultural raw materials is thus one of the most sustainable means of reducing poverty and creating wealth at the grass roots or community level, and can also yield significant macro-level benefits in terms of accelerated economic development and export growth.

Objective

D.8. The objective of the Programme is to add value to agricultural produce (food, hides and skins, fibres, wood and forest products) by introducing good, clean and safe processing technologies, and new designs and production practices that meet market requirements and enhance competitiveness in the field of food products, footwear and accessories, garments, furniture, joinery and structures. The Programme also aims to support the production, upgrading, modernization and re-engineering of basic agricultural machinery and tools, and to redress the deficiencies in repair and maintenance facilities. In addition, the Programme seeks to strengthen the weak institutional support systems and civil society organizations linked to the agro-industrial sectors.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
15.0	11.0	26.0	Staff costs	3,761,200	1,418,400	5,179,600
			Consultants	190,200		190,200
			Meetings	171,900		171,900
			Official travel	84,800		84,800
			Operating costs	13,000		13,000
			RPTC/SRA	1,952,800		1,952,800
Technical cooperation (extrabudgetary)			Total gross expenditure	6,173,900	1,418,400	7,592,300
		13,762,300	Total net resources	6,173,900	1,418,400	7,592,300
			Total resources (including extrabudgetary TC)			21,354,600

Activities and outputs

D.9. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Joint implementation of demonstration projects with national counterparts in selected branches of the food processing industry (including grain-milling and production of bakery products, vegetable oil extraction, processing of fruit and vegetables, meat and fish processing, and dairy products). Specific measures taken may include diagnostics of the prevailing situation, the introduction of product quality and process methodologies (GMP/HACCP), the introduction of health and safety measures, the introduction of new technologies and new packaging methods, and the enhancement of skills through training programs.

Output: Advice, training and technical support for the development of the food industry, aimed at improving the business environment, reducing post harvest losses, introducing appropriate technologies and equipment, optimizing production processes, increasing capacity utilization, improving technical and managerial skills, enhancing food safety, strengthening institutional support services, and enhancing access to relevant information and know-how.

- (b) **Activity:** Measures to improve the leather and leather products industries, *inter alia*, through the introduction of advanced tannery processes, the provision of advice on the selection and use of equipment, the introduction of advanced processing technologies, and an enhancement of style and fashion awareness.

Output: Advice, training and technical support in the handling and preservation of hides and skins; the adoption of more efficient and environmentally-friendly tanning and production processes and equipment; the more effective use of fashion and market information in product development and range building, the provision of relevant knowledge and skills, and the strengthening of product testing and quality certification systems.

- (c) **Activity:** The provision of technical cooperation services to improve the textile and garment industries through the more efficient usage of natural fibers and synthetics, the adoption of improved production (spinning, weaving and knitting) processes, the introduction of improved dyeing and finishing processes, including computerized colourimetry and color-matching, and the introduction of methods to minimize waste in cutting of garments.

Output: Advice, training and technical support to enhance the efficiency, competitiveness and environmental sustainability of the textile and garments industries, *inter alia*, through increased access to the relevant technical information, the increased use of appropriate equipment and tools, the strengthening of support institutions serving the industries, improvements in staff skills and working methodologies, increased capacity utilization, and improved product design and quality.

- (d) **Activity:** The provision of support services to strengthen industries based on wood and other forest products through such measures as the adoption of grading practices and environmentally-friendly technologies, the introduction of improved wood drying and preservation techniques, and the demonstration of new processes and equipment for rough wood milling, machining, assembly and finishing of furniture and joinery items for building. Additional services may include assistance with the design of durable structures and structural design and the establishment of common service facilities, i.e. for cutting tools, drying and preservation.

Output: Advice, training and technical support to improve environmentally sustainable linkages between forestry and industry through the adoption of improved production processes and technology, more efficient machinery and equipment, enhanced access to technical information, and improvements in product quality and promotion.

- (e) **Activity:** Assistance with the identification of appropriate agricultural machinery, tools and implements, and the development of improved designs and manufacturing methods for such tools and implements. This will be accompanied by the implementation of related training programmes and manuals for dissemination to domestic manufacturers of agricultural tools, and by training workshops for rural entrepreneurs on the repair and maintenance of such tools and implements, which may include training in blacksmithing and welding.

Output: Advice, training and technical support to promote the adoption of appropriate mechanization technologies applied at different levels increase the availability of agricultural production for direct consumption and as raw material for the processing industries.

- (f) **Activity:** Global forum activities, including the holding of meetings and the preparation of a range of publications related to agro-industrial development.

Output: Meetings of the International Food Safety Panel, Leather and Leather Products Industry Panel, and Wood Industry Advisers Group, as well as various brochures, technical papers, videos, and sectoral databases on machinery, equipment and production processes, etc.

Programme D.2: Industrial Energy and Kyoto Protocol

General description

D.10. The Programme provides assistance to public- and private-sector institutions in developing countries and countries with economies in transition for capacity-building and the development and/or transfer of technology in the field of industrial energy. It is intended to assist the industrial sectors of these countries to achieve efficient and sustainable use of energy; to provide modern energy services to rural areas (with particular emphasis on renewable energies for productive use); to contribute to poverty alleviation; to act as a platform for global forum activities in energy-related issues and the implementation of the provisions of the United Nations Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol (KP), and to

enable UNIDO to fulfill its mandate as a partner agency (executing agency with expanded opportunities) to the GEF Secretariat.

Need and objective

Need

D.11. Energy is essential to economic and social development and to improve the quality of life. However, the accessibility to reliable and affordable energy is very unevenly distributed, both between countries and within countries. Many developing countries, in particular LDCs, face the urgent need to provide adequate, reliable and affordable energy services, especially electricity, to billions of people in rural areas. The critical role of energy in the sustainable development process and poverty alleviation has been recognized by NEPAD and WSSD. The strategies of NEPAD and the recommendations of WSSD aim at providing increased access to reliable and affordable energy services for the poor.

D.12. The production/generation, distribution and use of energy also constitute sources of global environmental pollution and waste, *inter alia*, causing substantial increases in the atmospheric concentrations of greenhouse gases (GHGs) with their possible adverse effects on the global climate system. In this context, UNFCCC and KP call for an enhancement of energy efficiency, the increased use of new and renewable energy, and measures to limit or reduce emissions of GHGs. Global climate change mitigation in particular depends on the widespread use of energy-efficiency and renewable energy technologies in all countries.

Objective

D.13. The objective of the Programme is to promote technology diffusion and increase the capacity of developing countries and transition economies to provide affordable and reliable energy services, especially in rural areas, and improve energy-efficiency. Making use of multilateral financial mechanisms such as GEF, it also aims to enable these countries to meet both national development and global climate change goals, and thus to respond to the opportunities presented by both the UNFCCC and KP.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
15.0	9.0	24.0				
			Staff costs	4,448,600	657,400	5,106,000
			Consultants	72,000		72,000
			Meetings	90,200		90,200
			Official travel	212,200		212,200
			Operating costs	23,160		23,160
			RPTC/SRA	1,479,500		1,479,500
			Total gross expenditure	6,325,660	657,400	6,983,060
Technical cooperation (extrabudgetary)		15,528,100	Total net resources	6,325,660	657,400	6,983,060
			Total resources (including extrabudgetary TC)			22,511,160

Activities and outputs

D.14. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Assist with the design and implementation of rural energy programmes based on clean and renewable energy sources such as biomass fuels, solar, wind and hydro-power, as

well as cleaner fossil fuels such as liquid petroleum gas. In this context, assess the market feasibility and commercial viability of such rural energy systems, strengthen the local manufacturing capacity for appropriate energy equipment and systems, and promote the productive use of rural energy by supporting rural entrepreneurs and transferring technologies for rural industries.

Output: Assessments of the feasibility of introducing rural energy systems based on clean and/or renewable energy sources, formulation and implementation of programmes for the adoption of such systems, support for local manufacturers of related equipment and for rural entrepreneurs by transferring technologies for rural industries.

- (b) **Activity:** Assist recipient countries with the development of industrial energy-efficiency programmes to help them attain greater energy security by bridging the gap between energy demand and supply and to address broader national and global environmental concerns, including greenhouse gas emissions. Specific measures undertaken in this connection will include analyzing and assessing energy-intensive industrial sectors, and designing strategies for overcoming economic, institutional, regulatory and market barriers to the implementation of energy efficiency measures. New technologies and process options for cases when such measures are no longer sufficient will also be demonstrated.

Output: Development and implementation of industrial energy efficiency programmes involving, *inter alia*, the harmonization of national technical standards and the promotion of voluntary agreements through/with industrial associations. Demonstrations of new, more energy-efficient technologies and process options.

- (c) **Activity:** Assistance to developing countries and transition economies for the effective development and implementation of projects under the Clean Development Mechanism (CDM) and Joint Implementation (JI) of the Kyoto Protocol, and to strengthen the institutional capacities of these countries to apply correctly the guidelines and methodologies for the development of such projects.

Output: Methodologies to assist the effective implementation of CDM and JI of the Kyoto Protocol, and measures to strengthen the institutional capacities of developing countries and transition economies to correctly apply the guidelines for the development and implementation of projects under the CDM and JI of the Protocol.

- (d) **Activity:** Carry out various global forum functions, including:
- (i) Holding, and participating in, meetings of stakeholders to discuss measures to help reduce poverty through the provision of energy services in the least developed regions and recommend appropriate actions;
 - (ii) Activities to enhance the awareness of energy and climate change problems, and to develop a strategy and methodologies to solve the problems, especially within the framework of the UNFCCC and Kyoto Protocol process, and especially targeting the energy concerns of LDCs;
 - (iii) Active participation in the interagency coordination meetings and international conferences organized by the United Nations system; and
 - (iv) The preparation of relevant technical papers and studies.

Output: Meetings and publications to discuss and provide solutions to problems related to the reduction of poverty through provision of energy services in the least developed regions and to climate change issues.

Programme D.3: Montreal Protocol

General description

D.15. The Montreal Protocol on Substances that Deplete the Ozone Layer forms the basis for global cooperation for the protection of the ozone layer. In this context, developing countries (so-called Article 5 countries) are receiving, through a Multilateral Fund established in 1990, financial and technical assistance to eliminate ozone-depleting substances (ODSs) through agreed phase-out schedules.

D.16. With the onset of the freeze on CFC production and consumption, Article 5 countries – 63 of which are assisted by UNIDO – have entered a new phase. The “grace period” marked by no control measures under the Protocol is no longer valid, and these countries are now in the “compliance period” in which they have to achieve specific reductions closely monitored by the Implementation Committee. As a result of this move into the compliance period, the concept of the country-driven and multi-year performance agreements has now entered a concrete phase, providing Article 5 countries further flexibility in the use of approved funding and greater responsibility in implementing their respective phase-out programmes.

D.17. UNIDO will have to adapt its implementation procedures to address these changed circumstances, while still continuing with its ongoing implementation activities. This poses a significant challenge to the programme, and will necessitate special efforts at the branch level to meet expectations of both Article 5 countries and the Executive Committee of the Multilateral Fund.

Need and objective

Need

D.18. UNIDO assists phase-out projects in the process agent, aerosols, foam, halons, refrigeration, solvents, tobacco fluffing and fumigants sectors. Moreover, UNIDO also assists in phasing out CFC and CTC production in Article 5 countries.

D.19. The Programme provides direct support to enterprises in converting their production lines to eliminate the use of ODSs, in particular through the replacement or retrofitting of equipment for adaptation of new environmentally friendly substances. It also provides assistance to thousands of agricultural enterprises, as well as enterprises specializing in the storage of commodities, in switching to alternative technologies for the replacement of methyl bromide (a fumigant) controlled by the Montreal Protocol. By preparing national and sectoral phase-out plans, UNIDO facilitates the transition to a country-driven approach by providing a basic tool for national compliance strategies. During 2004-2005, UNIDO will provide advisory services, monitor and verify the implementation of these plans, and report to the Executive Committee of the Multilateral Fund.

Objective

D.20. The Programme implements the transfer of environmentally sound (non-ODS-based) technologies to developing countries and helps them strengthen their national capacity to comply with the provisions of the Montreal Protocol.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
16.0	13.0	29.0	Staff costs	4,478,400	1,277,200	5,755,600
			Consultants	36,000		36,000
			Official travel	167,600		167,600
			Operating costs	52,550	707,100	759,650
Technical cooperation (extrabudgetary)			Total gross expenditure	4,734,550	1,984,300	6,718,850
59,846,000			Total net resources	4,734,550	1,984,300	6,718,850
			Total resources (including extrabudgetary TC)			66,564,850

Activities and outputs

D.21. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Assisting Governments in the preparation of policies, strategies and national programmes for the phase-out of ODS; develop training programmes and the management and handling of non-ODS technologies; and assist enterprises, farmers' associations and local authorities, especially ozone officers, in the preparation of good servicing, industrial safety practices, and safe handling of chemicals (as in the case of refrigerant management plans or integrated pest management programmes).

Output: Policy support and awareness and training programmes for the phase-out of ODS.

- (b) **Activity:** Providing direct support to enterprises in the identification, transfer, commissioning and management of state-of-the art non-ODS technologies; and assisting the agricultural sector in phasing out the use of specific fumigants such as methyl bromide by identifying and introducing national alternatives and providing training on their implementation.

Output: Support to Article 5 countries in complying with Montreal Protocol schedules for the phase-out of ODS in all sectors and the introduction of the most up-to-date ozone and environment friendly technologies.

- (c) **Activity:** Fulfilling treaty-related functions, including:
- (i) Regular attendance at three annual sessions of the Executive Committee of the Multilateral Fund for the approval of national or sectoral phase-out plans and the evaluation and monitoring of ongoing activities;
 - (ii) Active participation in meetings organized by the Secretariat of the Executive Committee to coordinate work among implementing agencies, particularly reviewing compliance status of Article 5 countries, as well as informal advisory group meetings organized by UNEP and the World Bank;
 - (iii) Attendance at regional network meetings organized by UNEP to interact with ozone officers, thus facilitating the compliance requirements of the countries in the region;
 - (iv) Attendance at annual meeting of the Parties as well as the meeting of the Open-ended Working Group of the Parties to the Montreal Protocol; and

- (v) The Executive Committee of the Multilateral Fund reports annually on UNIDO's performance.

Output: Contribution to the policy-making, monitoring, and evaluation functions of the Multilateral Fund for the Implementation of the Montreal Protocol.

Programme D.4: Environmental Management

General description

D.22. The Programme builds institutional capacities for cost-effective industrial environmental regulations and provides services promoting the integration of environmental considerations into industrial development policies and strategies. It thus seeks to mainstream the environmental agenda to the industrial development process.

D.23. In particular, the Programme assists with the implementation of pollution-control and waste-management systems, and with the removal of persistent organic pollutants (POPs) and persistent toxic substances (PTS) from manufacturing processes, ideally through a partnership between the public and private sectors. It also promotes national cleaner production centers (NCPCs) and programmes as a mechanism to foster the introduction and diffusion of best available technologies/best environmental protection (BAT/BEP), environmentally sound technologies (EST), and process improvement practices and methodologies, thereby facilitating market access for cleaner products.

D.24. The Programme also provides services for integrated eco-system management encompassing eco-system productivity, natural resources, pollution, environmental health and safety, socio-economic conditions and governance on a regional basis.

Need and objective

Need

D.25. The unsustainable use of natural resources leads to the continuing degradation of the natural environment that poses one of the greatest challenges to the livelihood of our planet. Major problems include global warming, loss of biodiversity, water and air pollution, POPs and toxic substances, and soil erosion. Institutions and industries of developing countries and countries with economies in transition face several constraints in combating both the loss of natural environmental resources at national level and the emerging environmental issues of a transboundary, regional and global nature.

Objective

D.26. The Programme aims to increase the capacity of developing countries and countries with economies in transition to protect environmental resources and reduce environmental degradation by introducing BAT/BEP/EST, remediation technologies, and pollution-control and waste-management systems.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
16.0	10.0	26.0	Staff costs	4,219,900	1,174,200	5,394,100
			Consultants	37,000		37,000
			Meetings	106,000		106,000
			Official travel	47,800		47,800
			Operating costs	88,100		88,100
			RPTC/SRA	983,200		983,200
Technical cooperation (extrabudgetary)			Total gross expenditure	5,482,000	1,174,200	6,656,200
			Total net resources	5,482,000	1,174,200	6,656,200
			Total resources (including extrabudgetary TC)			48,151,200

Activities and outputs

D.27. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** The Programme will continue to provide assistance to increase national capacities in environmental planning and policy formulation, including the preparation of environmental audits; the formulation and enforcement of environmental regulations. The Programme will also address the collective management and sustainable use of integrated transboundary river basin, wetland, coastal zone and large marine eco-systems; and an evaluation of the relative contributions of different industrial subsectors to sustainable development enabling the formulation and implementation of cost-effective and consensus-based environmental policies and regulations for industry.

Output: Programmes for the development and implementation of sustainable environmental policies and action plans.

- (b) **Activity:** In the context of promoting cleaner and sustainable production, this Programme will continue the joint UNIDO/UNEP NCPC programme to raise awareness of the purpose and benefits of cleaner production; continue to implement its water management programme, *inter alia*, to increase the productivity of water resources and to prevent and control industrial pollution; continue to assist developing countries and transition economies with the preparation of National Implementation Plans for the removal of POPs and PTSs from manufacturing processes and continue to strengthen national capacities for the efficient and safe use of biotechnology applications for cleaner industrial production and utilization of genetic resources.

Output: Programmes and projects for the establishment and/or strengthening of NCPCs, the enhancement of national capacities for the removal from manufacturing processes and safe disposal of POPs and PTSs, the promotion of cleaner environmental practices such as bio- and phytoremediation, and the development of information systems consistent with the Clearinghouse Mechanism of the Convention of Biological Diversity.

- (c) **Activity:** In the field of pollution control and waste management, this Programme will increase national capacities to identify, evaluate and implement pollution-control and waste-management systems and to apply new bio-remediation technologies to the clean-up of polluted

industrial sites and areas. It will also strengthen the capacity of subsector institutions to assist enterprises to evaluate and take-up BAT/BEP and increase national capacities to minimize the discharge of highly poisonous mercury used in gold extraction by the artisanal and small-scale gold mining sector.

Output: Programmes and projects to promote pollution-control and waste-management systems.

- (d) **Activity:** This Programme will also undertake a number of global forum functions, including measures to accelerate the shift towards sustainable production and consumption as provided in paragraph 14 of the Plan of Implementation of WSSD; analysis of critical issues affecting the development and use of genetically modified organisms (GMOs). In addition, measures will be taken to reverse the loss of environmental resources by integration of sustainable development principles into country policies and programmes in accordance with the Millennium Development Goals. The Programme will also coordinate UNIDO activities in the field of environmentally sound management of chemicals, POPs and toxic substances with such organizations as UNEP, ILO, FAO, WHO, UNITAR and OECD in the context of the Inter-Organization Programme for the Sound Management of Chemicals, as well as UNIDO's participation in the Inter-Agency Committee on Sustainable Development, which also includes UNEP, ILO, FAO, WHO, UNITAR, OECD, CSD, and UNESCO.

Output: Contributions to coordinated global efforts to promote environmentally sustainable development.

Programme D.5: Direction and Management

General description

D.28. The Programme is responsible for identifying and determining goals, and for providing leadership and effective and efficient management, as well as strategic direction to services and activities of Major Programme D.

D.29. Direction and Management addresses the need to maximize synergies among Programmes D.1, D.2, D.3 and D.4 and other substantive programmes delivered by UNIDO, and to ensure that they deliver the kind of focused services required by client countries within the framework of their mandates. Its objective is to strengthen both the quantity and efficiency of services delivered, in order to create impact greater than the sum of their parts.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
1.0	2.0	3.0			
			Staff costs	617,800	617,800
			Official travel	53,000	53,000
			Operating costs	5,200	5,200
			Total gross expenditure	676,000	676,000
			Total net resources	676,000	676,000

Activities and outputs

D.30. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Direction and Management provides overall vision, strategic management and coordination for programmes D.1, D.2, D.3 and D.4, by:
- (i) Defining and guiding the overall direction and focus of their activities;
 - (ii) Integrating their activities to achieve maximum value added;
 - (iii) Planning, coordinating, monitoring and approving work programmes and projects, budgets, staff resource allocations, promotional activities and training.

Programme D. 5 also assists the Director-General in the overall management and representation of the Organization.

Output: The quantity and efficiency of services delivered by the four substantive programmes as well as awareness created of and support generated for the Organization.

MAJOR PROGRAMME E: REGIONAL PROGRAMME

General description

E.1. The objective of Major Programme E is to ensure a coherent and demand-driven approach to UNIDO assistance at country and regional levels in order to foster industrialization as a means to economic development.

E.2. The Major Programme has four Programmes: E.1 – Regional Bureaux; E.2 – Field Offices; E.3 – Funds Mobilization; and E.4 – Direction and Management.

E.3. Through its three substantive programmes, the Major Programme will coordinate the development of comprehensive integrated packages of services for countries in all regions to promote sustainable industrial development, promote horizontal linkages between the field and Headquarters, and support the mobilization and optimum programming of extrabudgetary resources for the technical cooperation activities of UNIDO. The efficient management of these programmes will be ensured through Programme E.4, which will also coordinate and manage the operation of the ITPO and UNIDO Exchange networks.

E.4. In overseeing the development of UNIDO's country-level programmes, Major Programme E will be guided by the following key principles: relevance to local industrial needs, integration with broader United Nations programmatic frameworks, and meaningful impact on the country's development. It will also monitor the implementation of UNIDO's development cooperation activities to ensure that service delivery progresses in accordance with client requirements.

E.5. The Major Programme will promote international industrial cooperation, support regional economic integration and cooperation, and participate in the organization of global forum activities at the regional, inter-regional and country level. It will also maintain liaison with private and public sector partners, United Nations organizations and development institutions as major partners in the context of development cooperation activities.

E.6. The Major Programme will be accomplished through effective coverage of countries through the operations of field offices and regional bureaux.

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General		Regular budget	Operational budget	Total	
	Service	Total				
77.0	94.0	171.0				
			Staff costs	26,642,600	5,349,000	31,991,600
			Consultants	276,900		276,900
			Meetings	106,000		106,000
			Official travel	1,018,200		1,018,200
			Operating costs	6,184,890	612,970	6,797,860
			Information and comm. techn.	31,000		31,000
			RPTC/SRA	837,600		837,600
			Total gross expenditure	35,097,190	5,961,970	41,059,160
			Income	(1,618,500)	(187,500)	(1,806,000)
Technical cooperation (extrabudgetary)		19,091,000	Total net resources	33,478,690	5,774,470	39,253,160
			Total resources (including extrabudgetary TC)			58,344,160

By programme

	Posts		Regular and operational budgets	Technical cooperation (extrabudgetary)	TOTAL
	P	GS			
E.1. Regional Bureaux	20.0	14.0	8,296,110		8,296,110
E.2. Field Offices	46.0	68.0	26,306,670		26,306,670
E.3. Funds Mobilization	3.0	3.0	1,232,300		1,232,300
E.4. Direction and Management	8.0	9.0	3,418,080	19,091,000	22,509,080
E. Total major programme	77.0	94.0	39,253,160	19,091,000	58,344,160

Programme E.1: Regional Bureaux

General description

E.7. The Programme consists of five Regional Bureaux: for Africa and the LDCs, the Arab Countries, Asia and the Pacific, Europe and the NIS, and Latin America and the Caribbean. These Bureaux develop a coherent regionally-based programmatic approach to UNIDO's services, and ensure that these services meet the needs and requirements of the Organization's clients. The managers of these Bureaux have the overall responsibility and authority for the management of UNIDO's field offices and play a key role in furthering the decentralization process.

E.8. While the activities and outputs of the five Regional Bureaux described below are broadly similar, each has certain particularities arising from the special features and needs of the region it covers. These may be summarized as follows:

(a) **Regional Bureau for Africa and the LDCs:** With its focus on sub-Saharan Africa, which has many of the world's poorest countries, and other LDCs, this Bureau also provides inputs for special development programmes relating to LDCs and economic and technical cooperation among developing countries (ECDC/TCDC). In this connection, it seeks to expand cooperation and development facilities, including funding mechanisms for special programmes in support of South-South and regional economic cooperation;

(b) **Regional Bureau for the Arab Countries:** The Bureau must respond to the challenges arising out of the extreme diversity of the Arab countries in terms of their endowment of natural resources and per capita GNP. Many of these countries face the need to restructure, upgrade and diversify their industrial sectors in order to benefit from their close proximity to European Union markets, and to increase the level of intra-regional trade and cross-border investments. Other important challenges include the need to remove structural impediments to private sector expansion and entrepreneurship development, and to arrest the degradation and depletion of natural resources, especially with respect to water. In this connection, the Bureau will exert particular efforts to enhance regional cooperation in such areas as trade and investment promotion, and the mitigation of industry-related environmental problems;

(c) **Regional Bureau for Asia and the Pacific:** The countries of the Asia and the Pacific region also face a high degree of diversity with regard to industrial development, natural resource endowment and per capita GNP, and also engage in relatively low levels of intra-regional trade. These factors require the Bureau to focus to a large extent on the restructuring, upgrading and diversification of the industrial sectors of these countries, and to promote regional economic cooperation in trade and investment;

(d) ***Regional Bureau for Europe and the NIS:*** This Bureau deals with a highly heterogeneous region, spanning a range of countries, which, at one extreme, are still in the early stages of transformation into market-oriented societies and at the other are preparing themselves to become full members of the European Union within the biennium. The principal challenge to the Bureau is to design and pursue a strategy supportive of the policy measures taken by the Governments of the region to attain sustainable economic development through the transformation process, and to tailor this strategy to the resources available to the Organization for its activities in the region. To meet this challenge, the Bureau will help to develop appropriate resource mobilization concepts for the region (including using the private sector as a potential source of financial support for UNIDO activities in the region), and will support initiatives for increased regional industrial cooperation;

(e) ***Regional Bureau for Latin America and the Caribbean:*** Latin America is going through an economic and social crisis, which is raising new questions about the sustainability of the economic reform pattern implemented over the last years in the region. Despite these recent setbacks, the regional economy continues to enjoy a high growth potential through interregional trade agreements like MERCOSUR, presently being revived by the new Brazilian Government, and the significant inflows of foreign direct investment and embodied technology that the region traditionally receives from the United States, Europe and Japan. The needs of the region are very diverse, however, ranging from technical know-how at one end to poverty alleviation requirements at the other. The Bureau's main objective is to ensure a tailor-made approach to the diverse technical assistance requirements of the region in the light of these considerations, and to ensure a high quality and demand-oriented provision of UNIDO's services in line with specific regional and national requirements.

Need and objective

Need

E.9. There is a need to refine and re-orient, keeping in view the diverse regional situations, the programmatic reform process undertaken by UNIDO in recent years, particularly in the areas of the delivery, impact and monitoring of UNIDO's services within the limited resources available to the Organization. In particular, a more coherent regional approach needs to be developed at the programmatic level. Organizationally, an increased degree of decentralization with the highest possible field presence would be required to augment the efficiency and effectiveness of UNIDO's services.

Objective

E.10. To maximize the impact of UNIDO services and the presence of the Organization in the countries of the respective region, taking into account the diversity and characteristics of the individual region and its constituent countries.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General	Total	Regular budget	Operational	Total	
	Service			budget		
20.0	14.0	34.0	Staff costs	7,128,000	377,500	7,505,500
			Consultants	103,000		103,000
			Meetings	106,000		106,000
			Official travel	350,100		350,100
			Operating costs	231,510		231,510
			Total gross expenditure	7,918,610	377,500	8,296,110
			Total net resources	7,918,610	377,500	8,296,110

Activities and outputs

E.11. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** On the basis of government requests, and for a selected number of countries and sectors during the biennium, take a lead in carrying out sectoral, country and/or regional analysis.

Output: Reports and regional strategy based on sectoral, country and/or regional analysis.

- (b) **Activity:** Contribute to the provision of policy support and advice to Member States.

Output: Inputs to UNIDO policy recommendations.

- (c) **Activity:** Identify the needs of the countries requiring UNIDO interventions and prepare or upgrade country and regional programming strategies in order to serve the recipient countries most effectively.

Output: Documents on country needs and proposals for UNIDO intervention, e.g. in the form of programme screening forms (PSFs).

- (d) **Activity:** Take a lead in the formulation of technical cooperation programmes and activities, and screen stand-alone projects, taking into consideration broader development priorities as determined by the Millennium Development Goals (MDGs), the Third United Nations Conference on the Least Developed Countries (LDC III) and the United Nations Development Assistance Framework (UNDAF), etc. as well as regional strategies, such as NEPAD.

Output: PSFs, programming strategy papers, integrated programme (IP) and country service framework (CSF) documents, and service summary sheets (SSS).

- (e) **Activity:** Coordinate the implementation of programmes/activities.

Output: Functioning teamwork and service delivery.

- (f) **Activity:** Monitor, assess and analyze technical cooperation activities.

Output: Reports on the progress, outcomes and impact made in the region and, where appropriate, recommendations for remedial actions.

- (g) **Activity:** Act as a focal point for enhancing the awareness of UNIDO's activities, and on country and regional issues and trends in industrial development.

Output: Increased awareness of UNIDO's mission in recipient and industrialized/donor countries.

- (h) **Activity:** Operate an efficient field network, *inter alia*, by providing policy and operational guidance to field offices to enable them to discharge their country dialogue, programming, funds mobilization and monitoring functions, as well as their other responsibilities such as their participation in the preparation of common country assessments (CCAs) and UNDAFs.

Output: Efficient management of field offices.

- (i) **Activity:** Support UNIDO's global forum function and organize regional fora, ministerial meetings and/or seminars to discuss emerging issues and trends, ensuring a clear correspondence between global forum and technical cooperation components.

Output: Regional fora, ministerial meetings and/or seminars.

- (j) **Activity:** Coordinate and liaise with regional organizations, development finance institutions and other public and private sector partners to stimulate information flows, networking and the development of complementary programmes.

Output: Increased interaction with regional organizations, development finance institutions and other public and private sector partners in UNIDO programmes/activities.

Programme E.2: Field Offices

General description

E.12. The Programme provides effective coverage at the country and regional/subregional level within the framework of the Business Plan on the Future Role and Functions of UNIDO and in line with the decentralization and empowerment programme for field offices. Under this Programme, the field offices contribute to the work of UNIDO, on one hand, by ensuring that the needs of the countries/regions to which they are accredited are reflected successfully in the Organization's activities and, on the other hand, by assisting Headquarters to deliver more effectively the Organization's services to the recipient countries. The field offices thus serve both to represent UNIDO in the field and to develop, implement, monitor, promote and oversee UNIDO's specific activities. In addition, the UNIDO field offices are expected to play an active role in mobilizing the resources required for such activities.

Need and objective

Need

E.13. In order to ensure a responsive and cost-effective management of technical cooperation assistance, and to ensure effective UNIDO participation in the United Nations-wide planning and coordination work, UNIDO needs to have a presence at the country level. Being nearer to its recipient countries, field offices are in a better position *vis-à-vis* Headquarters to assess more accurately the needs of the countries of coverage, to detect promptly developments in their economic, political and social conditions and, more importantly, facilitate interaction with local stakeholders.

Objective

E.14. The main objectives of the Programme are to maintain a fruitful presence of the Organization in developing countries and economies in transition, support and promote UNIDO's services in the field, and ensure their coherence with the clients' needs. To this end, the Programme aims to provide optimum field coverage at country and regional/subregional levels within the domain of the Organization's mandate and corporate strategy as well as the limits of the resources available.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
46.0	68.0	114.0				
			Staff costs	15,134,300	4,971,500	20,105,800
			Consultants	112,300		112,300
			Official travel	509,000		509,000
			Operating costs	5,904,000	612,970	6,516,970
			Information and comm. techn.	31,000		31,000
			RPTC/SRA	837,600		837,600
			Total gross expenditure	22,528,200	5,584,470	28,112,670
			Income	(1,618,500)	(187,500)	(1,806,000)
			Total net resources	20,909,700	5,396,970	26,306,670

Activities and outputs

E.15. The services will be provided through a network of country offices (comprising one Professional and two General Service staff) and regional offices (comprising two to three Professional and three General Service staff); the latter will also provide technical support and advice in the priority areas shared by the countries of a subregion. The network will be strengthened further by appointing National Focal Points, who will support and promote UNIDO's cooperation activities in the respective countries.

- (a) **Activity:** To contribute, in cooperation with the Regional Bureaux, to programme and project development and formulation by identifying and assessing local needs, screening local requests and elaborating frameworks for an integrated UNIDO response to country needs.

Output: Needs assessments and elaboration of country programmes.

- (b) **Activity:** To act as a node of UNIDO's worldwide technical information network for the country(ies) of coverage and, in selected cases, provide technical advice and services to the countries in the subregion.

Output: Provision and dissemination of relevant industrial information and prompt *ad hoc* advisory services.

- (c) **Activity:** To provide all necessary administrative, logistic and, in selected cases, technical support to project managers of technical divisions at Headquarters and UNIDO experts in the implementation of technical cooperation programmes and projects.

Output: Assistance to Headquarters staff and UNIDO experts/consultants in the delivery of UNIDO's services to recipient countries.

- (d) **Activity:** To develop and maintain political as well as institutional relations and liaison with national counterparts to ensure their involvement in UNIDO's technical cooperation and global forum activities.

Output: Active cooperation with local stakeholders in UNIDO's technical cooperation and global forum activities.

- (e) **Activity:** To interact with multilateral development and financing institutions operating in the country or subregion as well as donor Governments or non-governmental bodies in order to secure access to sources of funds at the country level.

Output: Mobilization of local financial resources.

- (f) **Activity:** To maintain close contact with other United Nations agencies present in the field by contributing substantively to programming activities such as the CCAs and UNDAF, and the World Bank's Comprehensive Development Framework (CDF), and participating in various country-level United Nations coordinated activities.

Output: UNIDO's position and mandates reflected and included in CCA, UNDAF and similar United Nations-wide programming mechanisms.

Programme E.3: Funds Mobilization

General description

E.16. The Programme is responsible for:

- (a) The development and management of thematic partnerships in respect of UNIDO activities and initiatives between UNIDO on the one hand, and donors and other relevant organizations on the other;
- (b) The coordination of overall mobilization of financial and other resources for UNIDO activities from all potential sources of funds;
- (c) The mobilization of resources from donor Governments, and managing the programming of those funds in accordance with donor agreements and guidelines.

Need and objective

Need

E.17. Virtually all funding for UNIDO technical cooperation activities has to be mobilized from external sources. Almost all these external contributions are special purpose in nature, which means a project has to be developed, designed and negotiated before a funding decision is made. In addition, in many cases a separate funding agreement is required. This requires intensive consultation between the donor and UNIDO.

Objective

E.18. The objective of the Financial Resource Mobilization Programme is the mobilization and optimum programming of extrabudgetary resources required for the technical cooperation programmes and projects of UNIDO. These resources are to be mobilized from current and potential donors and sources of funds. This will be done in consultation and cooperation with other UNIDO staff depending on the source of funds.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
3.0	3.0	6.0	1,179,300		1,179,300
			53,000		53,000
			1,232,300		1,232,300
			1,232,300		1,232,300

Activities and outputs

E.19. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Develop and manage thematic partnerships with donor Governments and relevant organizations in respect of UNIDO's service modules and thematic initiatives, including identification of key areas of joint interest between UNIDO and the donor; develop with the responsible branch focused concepts for cooperation in these areas of joint interest; and negotiate cooperation and funding agreements with these partners.

Output: Negotiated partnership and related funding arrangements.

- (b) **Activity:** Develop and maintain regular consultation and cooperation arrangements with governmental and other IDF and trust fund donors; maintain an overview of their priorities and (potential) funding structures; market UNIDO's overall priority programmes, initiatives and approach; promote and implement more flexible cooperation, programming and funding arrangements; consult with donors on potential funding for programmes and projects; advise on the fundability of potential projects and manage the official donor submission and approval processes.

Output: Good working relations with main donors, and regular programming and approval mechanisms.

- (c) **Activity:** In cooperation with the team leaders of integrated programmes, develop funds mobilization strategies for integrated programmes; coordinate specific donor marketing and funds mobilization efforts aiming at specialized sources of funds; cooperate with Regional Bureaux and UNIDO Field Representatives in respect of funds mobilization activities with decentralized donors and country/region specific funds; undertake specific funds mobilization missions at the country level; negotiate funding arrangements and agreements; prepare and disseminate information and guidance materials on these issues.

Output: Overall funds mobilization strategies and activities for integrated programmes.

- (d) **Activity:** Manage the overall process of programming and approval of available funds, either with donors in respect of special purpose contributions, or within UNIDO for programmable funds, including maintaining an overview of donor funds available for programming and consulting with the donor on the use of these funds; maintaining an overview of the UNIDO programmable funds for the Executive Board; recommending to the Executive Board the most appropriate fund to be used for projects submitted for approval; negotiating appropriate donor approval of project revisions; monitoring and coordinating contacts with donors, as required, including reporting of project progress and financial status; requesting payment of agreed installments; negotiating budget increases and other revisions; serve as focal point for donor inquiries.

Output: Regular and appropriate programming and donor approval processes, as well as timely progress reporting to donors and approval of budget revisions as required.

Programme E.4: Direction and Management

General description

E.20. The Programme covers two main areas:

(a) Lead, manage and coordinate the work of Programmes E.1 (Regional Bureaux), E.2 (Field Offices), E.3 (Funds Mobilization). It will also assume responsibility for other tasks related to programme analysis and monitoring. In this connection, the Programme will provide support to the management, Regional Bureaux and team leaders in developing and implementing technical cooperation activities, especially under the IPs and CSFs by monitoring and assessing operational activities. In addition, this Programme will fulfill a field coordination function aimed at strengthening UNIDO's field operations by ensuring that the Regional Bureaux and field offices play a proactive role. In connection with this function, the Programme will coordinate the overall management, administration, reporting, networking and accountability of the field offices, and promote their effective decentralization and empowerment;

(b) Promote and manage networks established through the UNIDO ITPOs and the online platform of the UNIDO Exchange. The latter is the single online platform for all UNIDO activities involving the promotion of partnerships or the dissemination of information on investment and technology promotion activities, networks of cleaner production centres and other specialized networks, and focused specialized content related to the activities of the various service modules. The UNIDO Exchange will continue to promote the linking of external partners to the Exchange network, thereby expanding the volume and increasing the value of the platform, and enhancing the Organization's worldwide business and knowledge network.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
8.0	9.0	17.0	Staff costs	3,201,000	3,201,000
			Consultants	61,600	61,600
			Official travel	106,100	106,100
			Operating costs	49,380	49,380
Technical cooperation (extrabudgetary)			Total gross expenditure	3,418,080	3,418,080
		19,091,000	Total net resources	3,418,080	3,418,080
			Total resources (including extrabudgetary TC)		22,509,080

Need and objective

Need

E.21. The change in UNIDO's work with respect to the development and implementation of IPs and CSFs has created the need for increased coordination and monitoring, and for ensuring a consistent and coherent approach, both at Headquarters and in the field. There is also a need to sharpen further the result-oriented approach introduced through the adoption of the IPs and CSFs.

E.22. The specialized content of UNIDO's various brokerage and information services, derived from both inside and outside the Organization, is of enormous value in helping to overcome the challenges of international competition faced by industry in developing countries and economies in transition, especially if it can be used as a reliable source of information for partnership building. The Organization, therefore, needs to continue to build up the stock of available information and contacts its areas of expertise, and to make it easily accessible for staff and external users/partners.

Objective

E.23. The primary objective of the Programme is to strengthen UNIDO's field operations through greater cooperation and the application of a consistent approach to programme coordination and management, and to foster the decentralization process. In addition, the Programme seeks to contribute, through the network of ITPOs, to the industrial development and economic growth of developing countries and countries with economies in transition by identifying and mobilizing the resources required for the implementation of industrial investment and technology projects in these countries. The Programme also aims to build up the UNIDO Exchange as the central platform for UNIDO promotional and information activities with a view to increase the effectiveness of matchmaking and cooperation among its clients.

Activities and outputs

E.24. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Guide the formulation of the work plans of the Programmes under Major Programme E, including the global forum function and the field network, and monitor and ensure their implementation.

Output: Work plans designed and implemented.

- (b) **Activity:** Systematic monitoring and assessment of the IPs and CSFs throughout their programme/project cycle.

Output: Periodic or *ad hoc* analyses and reports.

- (c) **Activity:** Provision of effective coordination and support services to operational activities by the central programme coordination, funds mobilization and global forum functions.

Output: Coordination and support provided to the three functions.

- (d) **Activity:** Coordinate and monitor field operations with emphasis on the decentralization, empowerment and strengthening of field representation and networking.

Output: Report on the impact of decentralization and empowerment of the field offices with clearly defined follow-up actions and deadlines.

- (e) **Activity:** Coordinate linkages between field operations and various services at Headquarters in collaboration with the Regional Bureaux, and harmonize relationships between field and headquarters, and between various field units in the system.

Output: New approaches and methods for communication and linkages among field units and with Headquarters.

- (f) **Activity:** Administer and supervise the activities of ITPOs; acting as focal point for liaison between ITPOs and other UNIDO units, and providing necessary guidance to ITPOs to ensure that individual offices interact with UNIDO programmes and between themselves.

Output: Appropriate guidelines, manuals, etc. for ITPOs that would guide the individual offices to interact with UNIDO programmes and between themselves.

- (g) **Activity:** Continued expansion of the UNIDO Exchange through the collection of selected information for the marketplace and the knowledge-based sections of the UNIDO Exchange to increase the content of the databases and the attraction of new partners.

Output: Selected information for the marketplace and the knowledge-based sections of the UNIDO Exchange collected and additional partners for UNIDO Exchange gained.

MAJOR PROGRAMME F: ADMINISTRATION

General description

F.1. The objective of the Major Programme is to ensure effective and cost-efficient provision of financial, personnel, legal and other administrative and information technology services for all major programmes through direct support to UNIDO's service delivery and for its Headquarters requirements.

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	Service	Total	Regular budget	Operational budget	Total	
44.0	104.5	148.5				
			Staff costs	19,139,150	4,703,300	23,842,450
			Consultants	94,900		94,900
			Official travel	103,000		103,000
			Operating costs	2,280,910		2,280,910
			Information and comm. techn.	4,609,900		4,609,900
			Total gross expenditure	26,227,860	4,703,300	30,931,160
			Total net resources	26,227,860	4,703,300	30,931,160

By programme

	Posts		Regular and operational budgets	Technical cooperation (extrabudgetary)	TOTAL
	P	GS			
F.1. Human Resource Management	9.0	24.0	5,803,010		5,803,010
F.2. Financial Services	10.0	34.0	6,551,200		6,551,200
F.3. General Services	9.0	25.0	7,901,000		7,901,000
F.4. Legal Services	3.0	2.0	1,053,100		1,053,100
F.5. Information Networks and Knowledge Management	11.0	16.0	8,431,050		8,431,050
F.6. Direction and Management	2.0	4.0	1,191,800		1,191,800
F. Total major programme	44.0	105.0	30,931,160		30,931,160

Programme F.1: Human Resource Management

General description

F.2. The Programme develops the human resource management policy of the Organization, supports the other programmes in organizational development and human resource management and provides all statutory services mandated by the provisions of the UNIDO Staff Regulations and Rules as well as the Regulations of the United Nations Joint Staff Pension Fund (UNJSPF).

Need and objective

Need

F.3. The Programme addresses the continuous need to align the Organization's human resource competencies – managerial, technical and functional – with the evolving business focus, strategy and services provided by UNIDO. Therefore, it develops the organizational policy for the management of human resources, addresses the recruitment, staffing and learning needs of all programmes, as well as the need for organizational development models and tools. Furthermore, it provides operational support for the implementation of a significant part of UNIDO's technical cooperation programmes, i.e. the project personnel component, which accounts for approximately 35 per cent of the technical cooperation delivery. It is also responsible for applying the conditions of service, required under the United Nations Common System, to all employees. The Programme also provides counselling and advice to staff and managers on relevant policies, procedures and sound management practices, and manages staff/management relations.

Objective

F.4. The overall objective of the Programme is to develop and implement human resource management policies that will contribute to and support the achievement of organizational goals. To achieve this overall objective, the component parts of the Programme, which are organized as functional teams, contain individual objectives: to ensure the timely recruitment, as defined in internal instructions, of suitably qualified staff with due regard being paid to the recruitment of staff on a wide and equitable geographical distribution and to the attainment of gender balance; to contribute to organizational development by providing the relevant tools and to upgrade and update managerial, technical and functional competencies by developing and implementing an organization-wide learning policy; to provide operational support for the implementation of technical cooperation programmes through the appointment, administration and monitoring of project personnel, including the donor-sponsored Associate Expert (AE) and Junior Professional Officer (JPO) programmes; to apply conditions of service to all categories of staff in a uniform and equitable manner consistent with the provisions of the Staff Regulations and Rules; to provide social security services to active and retired staff in accordance with the regulations and rules of the UNJSPF.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General	Total	Regular budget	Operational budget	Total	
	Service					
9.0	24.0	33.0				
			Staff costs	4,183,600	1,393,500	5,577,100
			Consultants	41,200		41,200
			Official travel	28,200		28,200
			Operating costs	156,510		156,510
			Total gross expenditure	4,409,510	1,393,500	5,803,010
			Total net resources	4,409,510	1,393,500	5,803,010

Activities and outputs

F.5. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Interface with management and staff – Develop appropriate policies bearing in mind needs identified by managers and staff, provide advice on sound management policy and practice in general, and human resource management in particular; provide information and advice to both management and staff on all related matters.

Output: Policy recommendations on sound human resource management practice and related advice to management and staff.

- (b) **Activity:** Recruitment and classification – Identify best practices and cost-effective measures to enhance recruitment services to clients; maintain continuous liaison with diversified global recruitment sources; provide policy guidance and support on recruitment/classification issues. Classify jobs, formulate and issue vacancy announcements; review applications, participate in panel interviews and support clients in the selection of suitably qualified candidates.

Output: Timely recruitment of suitably qualified staff for posts at Headquarters and field duty stations. Recruitment of suitably qualified staff from under- and non-represented countries and recruitment of suitably qualified women for posts in the Professional and higher categories; ensure the proper classification of all Professional and General Service posts.

- (c) **Activity:** Organizational development and learning – Operate and review the UNIDO competency model database and monitor the application of competencies in the various HR sub-systems; provide learning opportunities (individually or in groups) for internal or external learning.

Output: Upgrading of organizational human resources competencies using a competency model; facilitating learning relevant to corporate strategies and programmes, including senior management development, managerial assistance, continuous competency updating and upgrading of linguistic competencies; facilitating learning relevant to information technology competencies for all staff and for the staff of the Information Technology group; management of the UNIDO internship programme.

- (d) **Activity:** Operational support – Screen applications and maintain a roster of experts to assist programme managers in identifying qualified expertise; negotiate conditions and conclude appointments of project personnel.

Output: Conclude approximately 5000 appointments of project personnel and apply conditions of service as required. Manage the AE and JPO programmes.

- (e) **Activity:** Conditions of service, including social security – Implement the provisions of the Staff Regulations and Rules on conditions of service for staff at Headquarters and field duty stations. Amend staff rules as necessary and report to policy-making organs. Follow relevant developments at the level of the United Nations Common System and coordinate with other Vienna-based organizations (VBOs). Monitor contractual status of staff and apply the regulations of the UNJSPF, as well as the health and group life insurances for active and retired staff, and implement the revised supplementary agreement to the Headquarters Agreement on Social Security. Serve the joint committees established under the Staff Regulations.

Output: Provide accurate and timely services to staff members and retirees in accordance with the provisions of existing regulations and instructions. Conduct two pre-retirement seminars per year; monitor and adjust the conditions and premium of the Group Medical Insurance Plan annually. Revise and promulgate policies and procedures, as appropriate, to meet organizational needs. Implement revised supplementary agreement to the Headquarters Agreement on Social Security; implement a long-term care insurance; renew the group medical insurance plan following competitive bidding. Respond to appeals and staff complaints.

Programme F.2: Financial Services

General description

F.6. The Programme provides the following services: budgeting; financial control; financial planning; management of financial resources, including extrabudgetary; cash management and treasury operations; management of assessed contributions; receipts and disbursements of all resources, including payroll of Headquarters and field staff; financial management of technical cooperation activities; accounting and reporting for regular and operational budget activities as well as all technical cooperation activities; policy advice on financial issues.

Need and objective

Need

F.7. The Programme and its method of operation are defined through provisions in the financial and staff regulations and rules, various administrative instructions, and various decisions of the governing bodies.

Objective

F.8. The ultimate objective of the Programme is to ensure the efficient and cost-effective management of the financial resources of UNIDO, including extrabudgetary resources, and to ensure the financial integrity of the Organization.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General	Total	Regular budget	Operational budget	Total	
	Service					
10.0	34.0	44.0				
			Staff costs	5,291,200	1,191,000	6,482,200
			Consultants	11,300		11,300
			Official travel	14,800		14,800
			Operating costs	42,900		42,900
			Total gross expenditure	5,360,200	1,191,000	6,551,200
			Total net resources	5,360,200	1,191,000	6,551,200

Activities and outputs

F.9. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Preparation, presentation, monitoring and control of the biennial programme and budgets; reporting to the Director-General and the governing bodies on the financial implementation of the approved budgets.

Output: A programme and budget document corresponding to the requirements of the governing bodies; appropriate financial authorizations; various management reports on the financial implementation of the approved budgets.

- (b) **Activity:** Financial management of field representation through financial administrative support to UNIDO field offices.

Output: Annual financial authorization for each field office; daily guidance on operative financial matters; management reports.

- (c) **Activity:** Efficient and effective financial planning and management of UNIDO's funds and other extrabudgetary resources from donors and other sources.

Output: Availability of necessary resources to meet obligations of the Organization and investment of all surplus financial resources, ensuring the best possible returns.

- (d) **Activity:** Financial management of all technical cooperation programmes and activities.

Output: Effective financial management of technical cooperation programmes and projects, the timely availability of correct information and reports for all stakeholders within and outside the Organization.

- (e) **Activity:** Managing and monitoring of all matters related to assessed contributions.

Output: Approved scale of assessments; timely issuance of assessment letters; various reports for management and governing bodies.

- (f) **Activity:** Receiving and disbursing all funds on behalf of the Organization.
- Output:** Timely recording of receipts and issuance of acknowledgements for all funds; disbursement of funds within stipulated time frames with due regard for effective expenditure control.
- (g) **Activity:** Accounting and reporting for all activities, programmes, accounts and projects established under the financial rules and regulations and specific decisions of the governing bodies and donors.
- Output:** Timely issuance of financial statements, reports, etc., for auditing purposes by the External Auditor and submission to donors and governing bodies.
- (h) **Activity:** Enhancement of financial systems and procedures.
- Output:** Improved efficiency and effectiveness of financial procedures and systems.
- (i) **Activity:** Policy advice on all financial matters, including review of related policies, procedures, systems and controls.
- Output:** Improved efficiency, effectiveness, accountability, reporting and financial controls; agreements/activities in accordance with the financial regulations, rules and various decisions by the governing bodies.
- (j) **Activity:** Interaction with other United Nations organizations on financial issues/matters.
- Output:** Better coordination.

Programme F.3: General Services

General description

F.10. The Programme will provide diverse and essential services in support of all UNIDO activities, including procurement of goods and services, communications, inventory and records management, and travel, transportation and shipment services. It is also responsible for buildings management services for the Vienna International Centre (VIC) and supervises the VIC catering operations.

Need and objective

Need

F.11. Transparent and effective administrative governance in the provision of support services have become the focus of attention in UNIDO. Emphasis is being placed on decentralization of tasks and redeployment of human resources in order to enhance responsiveness and quality of services.

Objective

F.12. The objective of the Programme is to ensure enhanced responsiveness and quality by providing direct, efficient and cost effective administrative support services for all UNIDO activities comprising procurement of goods and services, communications, inventory and records management, travel, transportation and shipment services as well as buildings management services.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General		Regular budget	Operational budget	Total	
	Service	Total				
9.0	25.0	34.0	Staff costs	3,816,200	1,475,600	5,291,800
			Consultants	10,300		10,300
			Official travel	12,800		12,800
			Operating costs	1,576,100		1,576,100
			Information and comm. techn.	1,010,000		1,010,000
			Total gross expenditure	6,425,400	1,475,600	7,901,000
			Total net resources	6,425,400	1,475,600	7,901,000

Activities and outputs

F.13. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Provide efficient, cost effective and transparent purchasing and contracting services for the delivery of technical cooperation and global forum activities, including the requirements of UNIDO Headquarters and common services as well as for United Nations offices located at the VIC.

Output: Provision of the above services in the manner required.

- (b) **Activity:** Estimate travel costs for obligation, process travel authorizations and travel payment instructions and arrange travel and hotel accommodation; provide transportation by official vehicle and process claims on motor fuel tax refund for official cars; arrange shipments and insurance of personal effects, household goods and organizational property; arrange storage, process insurance claims as well as customs declarations for duty free importation of goods; provide information on visa-related matters, obtain official visas for the purposes of official travel and process United Nations travel documents.

Output: Satisfactory and cost-effective travel services provided for all official purposes in a timely manner.

- (c) **Activity:** Supervise and control the maintenance of property records; administer receipt, storage, distribution and maintenance services for all office equipment, stationery supplies and furnishings; office equipment or other property; and monitor and control all records of purchases of equipment of the UNIDO offices and its VIC Catering Service and technical cooperation projects.

Output: Complete and up-to-date inventory records maintained for Headquarters offices, technical cooperation projects and the VIC Catering Service.

- (d) **Activity:** Maintain the electronic records management of UNIDO, including incoming, outgoing and internal communications, reference services and archiving the records retirement programme of UNIDO.

Output: Complete registry and archives maintained.

- (e) **Activity:** On behalf of VBOs, manage and administer the operation, maintenance and repair of the grounds, buildings and related installations and equipment of the VIC complex, under the Memorandum of Understanding on Common Services. Administer projects financed by Common Fund for Major Repairs and Replacements at the VIC on behalf of the VBOs and the Austrian Government.

Output: The above activities performed as required in a timely manner. Transparent and cost-effective use of the Fund for Major Repairs and Replacements.

- (f) **Activity:** In coordination and cooperation with other parties, manage the asbestos removal project from the VIC premises.

Output: The asbestos removal project implemented in a timely and cost-effective manner.

- (g) **Activity:** Supervise the VIC catering operations.

Output: The Catering Service gives adequate service to its patrons and delivers value for money.

Programme F.4: Legal Services

General description

F.14. As a specialized agency of the United Nations system, the legal status of UNIDO is governed by a number of international treaties and by legal regulations that have been established by its Member States, as well as by internal rules established by the Director-General. The Organization has to abide by this legal framework and has to apply it to its activities.

F.15. The Programme provides legal advice to the Secretariat and the governing organs of UNIDO. It also represents UNIDO's legal position to outside institutions as required.

Need and objective

Need

F.16. The Programme will centrally provide legal services, advice and assistance to the Organization with a view to promoting and developing the rule of law in the activities of the Organization and defending its legal rights, positions and interests.

Objective

F.17. The objective of this Programme is to contribute to the efficient conduct of the affairs of the Organization and the pursuit of its mandate based on its internal law as well as on the legal rules applicable to its relations with Governments, organizations, enterprises and individuals; to safeguard and defend the legal positions, rights and interests of the Organization; and to assist, through the provision of legal support and advice, in the pursuit of the objectives of the Organization.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General		Regular budget	Operational budget	Total
	Service	Total			
3.0	2.0	5.0	Staff costs	1,012,600	1,012,600
			Consultants	16,700	16,700
			Official travel	8,600	8,600
			Operating costs	15,200	15,200
			Total gross expenditure	1,053,100	1,053,100
			Total net resources	1,053,100	1,053,100

Activities and outputs

F.18. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** The Programme will prepare, clear and negotiate treaties and international agreements to be concluded by UNIDO. This includes the negotiation and clearance of agreements with host Governments establishing UNIDO country and regional offices and centres and of standard basic cooperation agreements. The Programme further discharges the responsibilities with respect to registration, filing and recording of international treaties and agreements as required by Article 102 of the United Nations Charter and the regulations issued under it.

Output: Negotiation, preparation, clearance, registration, filing and recording of international treaties and agreements concluded by UNIDO.

- (b) **Activity:** The Programme will provide legal opinions and advice to the policy-making organs of the Organization covering, *inter alia*, the conduct of their meetings and draft resolutions and decisions, as well as to all the divisions and branches of the Organization regarding the interpretation of, *inter alia*, the Constitution of UNIDO, international law, the Headquarters and other agreements, the staff and financial regulations and other internal rules and directives of the Organization. The Programme will advise on the legal aspects of relations with other legal entities, including contractual relations, questions of liability, arbitration and claims against the Organization.

Output: Legal opinions and advice as described above.

- (c) **Activity:** The Programme will represent the Director-General in cases brought before the Administrative Tribunals of the International Labour Organization or the United Nations, which involves reviewing and analyzing the facts, deciding on the strategy and legal arguments necessary to best represent the Organization's interest and preparing submissions that are legally sound and persuasive.

Output: Legal submissions to the Administrative Tribunals as described above.

- (d) **Activity:** The Programme will support UNIDO programmes by providing legal advice on technical cooperation activities, including questions related to integrated programmes and regional bureaux, financing, establishment of centres, cooperative arrangements with non-governmental and private sector entities and contractual services. The new approaches to

industrial cooperation involving new partners, especially in the private sector, are giving rise to an increased demand for legal advisory services as well as for the formulation of legal arrangements to govern new cooperative activities of the Organization.

Output: Support services to UNIDO programmes as described above.

- (e) **Activity:** Identification and provision of advice on the rules applicable to new modalities for financing and executing projects, such as those with regional development financing institutions, the Multilateral Fund for the Implementation of the Montreal Protocol, World Bank, Common Fund for Commodities, Global Environment Facility and European Union. Legal arrangements and advice on projects financed from trust funds and IDF special-purpose contribution agreements; and the establishment of standards and procedures for voluntary contributions from non-governmental sources.

Output: Legal advice on funding modalities for technical cooperation projects as described above.

- (f) **Activity:** Support for the development of IT products generated by the Organization, particularly the establishment of model agreements for licensing and distributing such products; advice on contractual aspects of copyrights, patents and licenses.

Output: Legal support services related to the development of IT products as described above.

Programme F.5: Information Networks and Knowledge Management

General description

F.19. The responsibility of the Programme is to lead the development and implementation of ICT initiatives that support the business processes and goals of UNIDO. It implements and maintains mission-critical ICT-based production applications and provides support for end-users of ICT-based installations. It is responsible for the introduction and maintenance of knowledge management tools and techniques throughout UNIDO and is the ICT focal point for the United Nations system. It also manages the UNIDO library.

Need and objective

Need

F.20. In order for UNIDO staff to be as effective and efficient as possible, they need permanent access to modern ICTs. This includes up-to-date hardware and software as well as access to a fast and stable Internet connection. Similarly, it is important to support the reengineering of the Organization's business processes and the underpinning ICT infrastructures in order to achieve more productive, efficient and valuable use of information. To be as competitive as possible, the Organization also has to manage properly its knowledge assets, both tacit and explicit. This can only be achieved by the introduction and use of modern knowledge management tools and techniques.

Objective

F.21. To provide technology vision and leadership for developing and implementing ICT initiatives that support the business processes and goals of the Organization by: prudently managing UNIDO IT costs; promoting the dissemination of knowledge; promoting modern ICT systems and related skills; developing ICT staff skills and closing the skills gap; setting ICT policy, strategy and procedures; providing reliable network facilities; providing reliable and available main applications at low cost; providing a high level of systems support and help desk services at low cost; and satisfying customer requirements.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)			
Professional	General	Total	Regular	Operational	Total	
	Service		budget	budget		
11.0	15.5	26.5	Staff costs	3,696,750	643,200	4,339,950
			Official travel	11,600		11,600
			Operating costs	479,600		479,600
			Information and comm. techn.	3,599,900		3,599,900
			Total gross expenditure	7,787,850	643,200	8,431,050
			Total net resources	7,787,850	643,200	8,431,050

Activities and outputs

F.22. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Set ICT standards, policies and procedures.
Output: Uniform standards, policies and procedures for ICT.
- (b) **Activity:** Provide forward planning and alignment with organization business process and coordinate ICT projects.
Output: Forward planning documentation, and uniform ICT project implementation planning.
- (c) **Activity:** Coordinate ICT projects.
Output: Uniform ICT project implementation planning.
- (d) **Activity:** Secure and implement the required ICT infrastructure.
Output: Provision of mainframe, client-server, network and desktop infrastructure.
- (e) **Activity:** Operate and maintain the production facilities.
Output: Ongoing operation of the production facilities.
- (f) **Activity:** Provide for security and administration of the facilities.
Output: Secure mainframe, client-server, network and desktop facilities.

- (g) **Activity:** Operate and maintain the UNIDO library suitable to the needs of the Organization.
Output: Library providing journals, online commercial databases and required books.
- (h) **Activity:** Manage help desk for system related services.
Output: IT help desk services.
- (i) **Activity:** Manage UNIDO Publications Sales Office.
Output: UNIDO sales publications production.

Programme F.6: Direction and Management

General description

F.23. The Programme will carry out management and coordination functions in order to provide adequate services in the areas of human resource management, including implementation of staff training programmes to all UNIDO staff, financial, legal, information network and knowledge management, and other administrative services, including buildings management.

Need and objective

F.24. The objective of the Programme is to provide strategic direction to all services and activities of this Major Programme, as well as upstream and day-to-day management and guidance to ensure efficient and cost-effective support services to all programmes.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General		Regular budget	Operational budget	Total
	Service	Total			
2.0	4.0	6.0	Staff costs	1,138,800	1,138,800
			Consultants	15,400	15,400
			Official travel	27,000	27,000
			Operating costs	10,600	10,600
			Total gross expenditure	1,191,800	1,191,800
			Total net resources	1,191,800	1,191,800

Activities and outputs

F.25. During the biennium, the Programme will focus on the following activities and outputs:

- (a) **Activity:** Plan and formulate work programmes of Major Programmes F and G, and their related programmes; provide effective management and direction to their implementation and undertake necessary monitoring.
Output: Effective and efficient administrative, legal and information technology services, which provide an adequate support to the delivery of UNIDO's core services.

- (b) **Activity:** Design and maintain administrative control mechanisms and procedures; maintain and improve the Organization's performance monitoring and measurement system; maintain Director-General's bulletins and other directives.

Output: Improved administrative controls, better performance monitoring and up-to-date bulletins, administrative instructions and other circulars.

- (c) **Activity:** Liaison with Member States, United Nations organizations and European Union institutions on matters of responsibility and efficient support to the Director-General in his interaction with them.

Output: Harmonization of procedures and strategies, more effective support to the Director-General, timely assessment and implementation of recommendations of Member States.

MAJOR PROGRAMME G: BUILDINGS MANAGEMENT

General description

G.1. Under the terms of the Memorandum of Understanding on Common Services, UNIDO is given the responsibility for managing and administering the operation, maintenance and repair of the grounds, buildings and related installations and equipment of the Vienna International Centre complex on behalf of and financed by the international organizations based in the VIC. The projects financed by the Common Fund for Major Repairs and Replacements at the VIC are also administered by UNIDO on behalf of the international organizations in the VIC and the Austrian Government. The resources requested under this Major Programme are cost-shared among the four VIC-based organizations and other entities.

G.2. The costs of operating, maintaining and repairing the buildings and their integrated installations are increasing with the ageing of the complex that was constructed from 1974 to 1979. With a gross area of approximately 347,000m², the VIC has been in operation more than 24 years. The necessary repair and maintenance work is carried out on a regular basis, *inter alia*, according to the commitments made to the Austrian Government.

G.3. The objectives of the Major Programme are to ensure safe and reliable operation, maintenance and repair of the buildings and the associated installations according to local buildings codes and standards. With the up-keep of installations and equipment, Buildings Management provides services as required by the organizations occupying the VIC complex.

G.4. The Major Programme is presented in a self-contained manner. All the proposed expenditures are offset by income, i.e. contributions received from the other Vienna-based organizations, from UNIDO, and from other entities. Consequently, in the UNIDO core budget, only the Organization's share of the buildings management operations is included under Major Programme H. Furthermore, the Buildings Management posts are excluded from the UNIDO post profile.

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
General	Professional	Service	Regular	Operational	Total
		Total	budget	budget	
6.0	113.0	119.0			
			Staff costs	13,727,600	13,727,600
			Consultants	221,600	221,600
			Official travel	12,200	12,200
			Operating costs	33,908,730	33,908,730
			Total gross expenditure	47,870,130	47,870,130
			Income	(47,870,130)	(47,870,130)
			Total net resources		

Programme G.1: Common Buildings Management

General description

G.5. The aim of this Programme is to cope with the day-to-day and routine requirements related to the management of the VIC complex as well as the rising demand for maintenance and replacement of original and added installations.

G.6. The resources requested under this Programme are cost-shared among the VIC-based international organizations and others under an agreed cost-sharing formula.

G.7. The budget proposal for the biennium 2004-2005 is made on the basis of previous experience and anticipated requirements for operation and adaptations.

G.8. The Programme is also responsible for the implementation of the following programmes and projects funded by the VIC-based international organizations and the Austrian Government over and above the Buildings Management Service (BMS) cost-shared programme:

(a) The projects financed by the Common Fund for Major Repairs and Replacements at the VIC are co-financed by the VIC-based international organizations and the Austrian Government (50 per cent each) amounting to €5,300,000 for the biennium 2004-2005:

(b) In addition, BMS is implementing various other technical projects requested and financed by individual international organizations based in the VIC:

Need and objective

Need

G.9. The Programme provides services for the operation of the VIC and manages the comprehensive maintenance of the VIC premises and repair and replacement of the installations, as well as various other technical and logistical services to the VIC-based international organizations.

Objective

G.10. The objective of the Programme is to ensure the safe and reliable operation, maintenance and repair of the buildings and the associated installations according to the local buildings codes and standards and in accordance with the VIC operating license conditions. With the upkeep and updating of the VIC installations and equipment, BMS provides services as required by the organizations occupying the VIC complex. Further, it ensures a modern working environment and state-of-the-art installations and equipment in order to cope with the demands of the coming years.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
6.0	110.0	116.0	Staff costs	13,361,900	13,361,900
			Consultants	221,600	221,600
			Official travel	12,200	12,200
			Operating costs	32,470,330	32,470,330
			Total gross expenditure	46,066,030	46,066,030
			Income	(46,066,030)	(46,066,030)
			Total net resources		

2004-2005 estimates (after recosting)	
	Regular budget
Established posts	11,823,300
After-service health insurance	393,600
Career development training	19,800
General temporary assistance	579,300
Overtime and night differential	540,700
Consultant fees and travel	221,600
Hospitality	5,200
Travel on official business	12,200
Rental and maint. of premises	18,441,430
Utilities	12,505,800
Rental and maint. of furnit., equpm. and vehicles	55,600
Miscellaneous general operating expenses	18,600
Printing (Joint Printing and Repr. Service - IAEA)	7,500
Supplies and materials	276,800
Capital goods	1,164,600
Total gross expenditure	46,066,030
Other VBOs' contribution to BMS operations	(35,203,270)
UNIDO contribution to BMS operations	(7,159,260)
Other contributions to BMS operations	(3,703,500)
Total income	(46,066,030)
Total net resources	

Activities and outputs

G.11. During the biennium, the Programme will focus on the following activity and output:

- (a) **Activity:** BMS comprises civil engineering, electrical and climatization engineering, and electronics engineering units, with the associated engineering and administrative services.

Given the 24 years' occupancy of the VIC, the need for replacement programmes must be recognized and executed in all areas of the complex to maintain and increase the reliability of the VIC operations. Based on the agreements reached during the associated Consultative Committee on Common Services meeting, BMS was instructed to maintain the standard and level of services provided during 1999-2000/2001-2002, which was to the fullest satisfaction of the VIC-based international organizations, and to implement the projects initiated and planned by BMS in order to cope with the demands of a modern office building complex.

Output: Since 1999, BMS has conducted several analyses of the consumption and operating costs of the VIC, and introduced various measures for improved efficiency. It has optimized cost-benefit in the areas of energy conservation and the application of improved technologies in operation and replacement programmes. It has also taken measures to meet strict requirements in respect of waste disposal, and bacteriological and chemical control of the water and air in the buildings. These measures, which will be sustained in the biennium 2004-2005, have been included in the following outputs:

- (i) Reorganizing the BMS structure, modernizing working tools (facility management), redeployment of duties and responsibilities to achieve higher efficiency and output;
- (ii) Minimizing breakdowns and increasing the lifetime of installations and plants;
- (iii) Initiating replacement programmes to update and modernize the infrastructure of the VIC;
- (iv) Further lowering consumption and costs of utilities in spite of longer operating times and increased comfort through such environmentally-friendly measures as the usage of less costly well water in certain areas;
- (v) Transfer of certain projects from the BMS budget to the Major Repair and Replacement Fund, to which the Austrian Government contributes;
- (vi) Review and re-tendering of certain recurrent maintenance contracts at lower cost and higher level of service;
- (vii) In-sourcing of certain services; and
- (viii) Charging of utility costs to certain commercial users.

Programme G.2: Joint Buildings Management

General description

G.12. The Programme operates within the overall context of the cooperation agreement between the United Nations Office at Vienna (UNOV), Comprehensive Test Ban Treaty Organization (CTBTO) and UNIDO, and provides buildings operation services, which are cost-shared between the three organizations. Most prominently, the Programme provides conference technicians for conference facilities, repair and maintenance of equipment and installations, and cleaning of jointly-used premises.

Need and objective

Need

G.13. Apart from the routine and day-to-day activities subject to this Programme, the need for replacement programmes resulting from the 24 years' occupancy of the VIC must be recognized and executed in all areas of the buildings complex to maintain the operations at an acceptable level of reliability.

Objective

G.14. The Programme ensures the effective operation of the conference service and audio-visual installations and equipment, e.g. the simultaneous interpretation installations and equipment, in compliance with local safety codes and regulations. The activities comprise technical and administrative services.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
	3.0	3.0			
			Staff costs	365,700	365,700
			Operating costs	1,438,400	1,438,400
			Total gross expenditure	1,804,100	1,804,100
			Income	(1,804,100)	(1,804,100)
			Total net resources		

2004-2005 estimates (after recosting)	
	Regular budget
Established posts	357,300
Overtime and night differential	8,400
Rental and maint. of premises	1,232,400
Capital goods	206,000
Total gross expenditure	1,804,100
Other VBOs' contribution to BMS operations	(1,098,300)
UNIDO contribution to BMS operations	(705,800)
Total income	(1,804,100)
Total net resources	

Activities and outputs

G.15. During the biennium, the Programme will focus on the following activity and output:

- (a) **Activity:** Provide adequate conference facilities for UNOV, CTBTO and UNIDO, and ensure the cleaning, repair and maintenance of the conference premises and facilities, including the switchboard installations. Provision is also included for minor operating cost items that concern only UNOV, CTBTO and UNIDO.

Output: Provision of the required conference facilities.

MAJOR PROGRAMME H: INDIRECT COSTS

Programme H.1: Contribution to Shared Services and other Indirect Costs

General description

H.1. The objective of the Programme is to show separately those cost items of the budget that cannot be directly linked to any substantive or administrative service or programme of the Organization. These costs are mainly attributable to the fact that UNIDO is located on the premises of the Vienna International Centre and hence it participates in joint and common services with the other Vienna-based organizations. Furthermore, UNIDO's contributions to joint activities with United Nations bodies and to the after-service health insurance are shown under this Programme.

Need and objective

H.2. The Programme collects the indirect costs and provides a transparent way of identifying these costs and monitoring their development over time.

H.3. The following table shows the shared services and UNIDO's contribution to the total costs:

- (a) After-service health insurance (ASHI) – per retired staff;
- (b) Joint medical services (IAEA) – 16.34 per cent;
- (c) Joint language training (UNOV) – per enrolled staff;
- (d) UNIDO contribution to common buildings management – 16.9 per cent;
- (e) Reimbursement to the Major Repair Fund – 16.9 per cent;
- (f) UNIDO contribution to joint buildings management (conference technicians and operating costs) – 39.1 per cent;
- (g) Security and safety services (UNOV) – 16.9 per cent;
- (h) Contribution to joint activities with various United Nations bodies – average 1.5 per cent;
- (i) Joint communication services (UNOV) – 32.2 per cent.

H.4. The resource estimates under each of the above items are presented in the summary table. The total expenditure (at 2002-2003 costs) under contributions to the cost-shared services has been reduced by €332,900 (2 per cent).

H.5. As a new element, UNIDO's contribution to ASHI applicable to retired staff has been included under this Programme in order to separate this liability of the Organization. In the past, these costs were shown under common staff costs in all major programmes. For comparison purposes, an appropriate adjustment has been made in the budget base. The expenditures at 2002-2003 costs are estimated to increase by €56,400 (2 per cent) due to the increased number of retirees receiving ASHI.

H.6. The increased expenditure in UNIDO's contribution to common buildings management mainly results from the delayed implementation of the asbestos removal programme. The increase of €305,900 (5 per cent) at 2002-2003 costs was more than offset by savings resulting from decreased UNIDO shares in all other cost-shared services.

H.7. The agreement between the Austrian authorities and the Vienna-based organizations in respect of the Major Repair Fund was amended in 2002. The shares payable by each organization were changed from equal shares to those applicable to common buildings management, and security and safety services. As a result,

UNIDO's estimated share decreased by €192,400 from €610,000 to €417,600.

H.8. UNIDO's share of the security and safety service has also been reduced by €306,100 before recosting. This reduction was the direct result of the smaller size of UNIDO, both in terms of Headquarters staff and space occupied in the VIC. The cost-sharing key used for this service is identical to the one used for cost-sharing of Buildings Management and the reimbursement to Major Repair Fund.

Inputs

Resource estimates (in euros)

Posts			2004-2005 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
			Staff costs	3,964,900	3,964,900
			Operating costs	11,084,260	11,084,260
			Information and comm. techn.	951,600	951,600
			Total gross expenditure	16,000,760	16,000,760
			Total net resources	16,000,760	16,000,760

2004-2005 estimates (after recosting)	
	Regular budget
After-service health insurance	3,415,400
Joint medical services (IAEA)	536,900
Joint language training	12,600
UNIDO contribution to common BMS	7,159,260
Reimbursement to Major Repair Fund	417,600
UNIDO contribution to joint BMS	705,800
Security and safety services (UNOV)	1,973,600
Contribution to joint activities with UN bodies	828,000
Joint communications services (UNOV)	951,600
Total gross expenditure	16,000,760
Total income	
Total net resources	16,000,760

Activities and outputs

H.9. The activities and outputs of the common and joint services are described in detail in the programme and budget documents of the responsible organizations.

H.10. The activities and outputs of the buildings management service are detailed under Major Programme G.

Performance indicators

H.11. Since the Programme covers only indirect costs, no indicator has been defined.

SPECIAL RESOURCES FOR AFRICA

Introduction

1. The Second Industrial Development Decades for Africa (IDDA) ended in 2002. However, the need for resources dedicated to the special needs of Africa has not diminished, but increased. This is reinforced with the new challenges set by the United Nations Millennium Development Goals on the one hand and the NEPAD initiative on the other, in particular the activities and targets related to poverty reduction, private sector development, human skills and capacity development, and protecting the environment.

Objective

2. During the biennium 2004-2005, the Special Resources for Africa (SRA) will allow UNIDO to carry out essential activities required in order to respond to these initiatives, such as research and studies, organizing technical and other meetings, and provide urgent advisory services responding to the special needs of the region. These activities will be conducted either from UNIDO Headquarters or through the field office network. Preference will be given to such activities related to integrated programmes or country service frameworks in order to achieve greater impact. The services will focus on supporting the following areas:

- (a) Mobilization of domestic and foreign direct investment;
- (b) Enhancement of competitiveness of African industries;
- (c) Strengthening of industrial capacities and cleaner and sustainable industrial development;
- (d) Establishment of local capacity for monitoring integrated programmes and their related projects;
- (e) South-south cooperation.

Services provided and expected outputs

3. During the biennium, the following services and outputs will be financed from SRA:

- (a) Upstream work (study and analysis) for the formulation of integrated programmes, including needs assessment and evaluation; it will result in better focused programmes that are more responsive to the needs of the countries concerned;
- (b) Facilitating the decentralized activities of field offices in analytical work and advisory services in conjunction with their policy dialogue with government and the private sector; it will lead to a stronger ownership and to improved delivery of UNIDO services in general and its technical cooperation activities in particular;
- (c) Facilitating the participation in the United Nations development group activities as a member of the United Nations country team; it will allow better integration of industry aspects and UNIDO activities in the CCA/UNDAF and Poverty Reduction Strategy Paper processes, as well as in country-level response to the Millennium Development Goals;
- (d) Support to CAMI and its subregional preparatory meetings to examine the priority sectors; it will result in well-prepared common position of African Ministers of Industry;
- (e) Urgently required short-term advisory services, to continue to provide a flexible and rapid instrument for responding to urgent *ad hoc* requests for policy advice and upstream services.

4. Specific details are presented under the respective programmes to which resource allocations for Africa have been made.

REGULAR PROGRAMME OF TECHNICAL COOPERATION

Introduction

1. This section presents the programmatic description and resources of the Regular Programme of Technical Cooperation for the Organization as a whole. In accordance with the programmatic approach, specific resource allocations are presented in the Major Programmes under which the activities are to be implemented.

Objective

2. The objective of the Programme, as defined in the Constitution of UNIDO, is to improve the effectiveness of the Organization's programme of work in the field of industrial development and to strengthen the Organization's contribution to the United Nations development system (UNIDO Constitution, Annex II, part B). The Programme will ensure the effective implementation of the Regular Programme to enable UNIDO to adapt its functions and priorities and orient its activities to contribute to the achievement of international development targets, specifically with respect to those dealing with the eradication of poverty and improving the environment, as well as the need to address the increasing marginalization of countries related to globalization, the uneven spread of new technologies and barriers to trade.

3. With the growing realization that poverty eradication is a complex issue, which will not be automatically resolved through economic growth, employment and expansion of economic sectors alone, UNIDO's Regular Programme will also be used to strengthen its global forum function to assess these issues, particularly through its university action-oriented research partnership programme. Knowledge gained from this research will be disseminated and fed back into the design of regional and national integrated programmes. Resources will also be used to provide seed money for their implementation.

4. In pursuit of socially and environmentally oriented industrial development, UNIDO will continue to refine its integrated approach within the Organization and also with those of bilateral and international financing and development agencies.

5. In accordance with the priorities set by the Millennium Development Goals and other objectives of the international development agenda, UNIDO will focus its activities in low-income countries. In particular, the Organization will assist in the improvement of industrial development strategies and the industrial support infrastructure, as well as directly facilitating access to public goods such as technical information, skills, knowledge, and investment promotion required to combat marginalization and poverty.

Outputs

6. The Programme will be implemented under all substantive programmes of the Organization. Activities will be designed so as to enable the Organization to respond effectively to the priorities set out in the Business Plan and identified needs of recipient countries and ensure the quality of UNIDO services in terms of relevance and impact to target beneficiaries. Resources will be used to develop comprehensive packages of integrated services. In this connection, considering the limited amount of these freely programmable funds, they will be used strategically as seed money and will contribute to mobilizing additional resources.

7. Activities will emphasize important global forum activities to facilitate the acquisition and dissemination of knowledge related to the economic and industrial development process. The Business Plan on the Future Role and Functions of UNIDO, approved by the Member States in 1997, sees the global forum function as an important component of UNIDO's mandate to strengthen awareness and knowledge of global issues in developing countries and countries with economies in transition. Within the framework of this global forum function, the Organization will implement programmes such as: industrial policy advice based

on action-oriented research; institutional capacity-building at the country and sectoral levels based on lessons learned; quality, standardization and metrology; and provision of industrial information.

8. Programmatic activities will be carried out in line with the Organization's strategy of mobilizing the transfer of knowledge, skills and technology to enable developing countries and economies in transition to generate employment, develop a competitive economy and ensure environmental sustainability.

9. The Regular Programme will emphasize the needs of LDCs, in particular to support them in the design of programmes and mobilization of financial resources for their implementation. The Programme will also promote international industrial cooperation among countries at all levels of development as well as the integration of women in development.

10. Projects are implemented under the Regular Programme based on the following criteria:

- (a) Preparatory activities, including needs assessment, that will enable UNIDO to develop integrated programmes based on the service modules and projects to respond to priority needs of recipient countries;
- (b) Upstream and analytical work, including expert group meetings to support the development of UNIDO priority programmes and new initiatives;
- (c) Promotional activities directly linked to the development of priority programmes through such mechanisms as seminars, workshops and symposiums;
- (d) Flexible responses to urgent requests for immediate policy and technical advisory services;
- (e) Integrated programme activities meeting the criteria of the Second IDDA and its successor arrangements.

MISCELLANEOUS INCOME

1. Estimated miscellaneous income for 2004-2005 amounts to €1,394,800 in the regular budget and €127,000 in the operational budget, details of which are shown in the following paragraphs.

A. Income on deposits

2. Estimates for income on deposits are based on anticipated interest earnings on cash balances in the General Fund, Working Capital Fund, and Operational Budget Account for Support Costs. Based on the income earned under this heading in 2002 and anticipated for 2003, estimates of €1,321,000 under the regular budget and €127,000 in the operational budget are considered reasonable for 2004-2005.

B. Sale of publications

3. Through its sales publications, UNIDO seeks to promote its image worldwide as the focal point of the United Nations in all matters concerning sustainable industrial development. A sales publication usually originates when a substantive unit considers it has produced a study with sufficiently wide appeal as to be saleable. If the study is the result of an expensive input of staff and consultant time, selling it is a means not only of disseminating the data or information gathered, but also of recouping at least part of the costs of its preparation.

4. The UNIDO Publications Sales Office manages the direct sale, promotion and distribution of UNIDO publications, reports and videos, including CD-ROM versions of older printed material. It is also responsible for the preparation of an annual publications catalogue and for maintaining the UNIDO publications website, through which publications may be obtained directly through an online catalogue and ordering mechanism. UNIDO publications are also sold through various distributors, including the United Nations. The UNIDO Publications Sales Office is the focal point for communication with the United Nations Publications Section in New York and Geneva in respect of UNIDO's participation at book fairs and for translation agreements of UNIDO publications with other parties.

Sales publication revolving fund

5. In 2000-2001, a sales publications revolving fund has been established with income earned from the sale of publications during the biennium. The fund supports the longer-range planning of publication activities, including promotion, marketing and re-printing of publications and CD-ROMs.

6. One-half of the revenue to the fund, during a biennium, is credited to miscellaneous income to ensure that the anticipated credit against Member States' contributions for sale of publications is maintained. The fund covers costs, which, under the current procedures, are set off against revenues.

7. Unless there is a marked increase in sales activity, the sales publication revolving fund is expected to have only a modest balance by the end of the biennium. The following table presents the anticipated financial activity during the biennium under the fund:

Estimates of gross and net revenue

(In euros at 2002-2003 costs)

	2002-2003 approved estimates		2004-2005 estimates	
	Sales publications revolving fund	Miscellaneous income	Sales publications revolving fund	Miscellaneous income
Gross sales	117,200	117,200	73,800	73,800
Revolving fund balance of the preceding biennium	46,200		8,400	
Total	163,400	117,200	45,200	73,800
Less expenses against revenue				
Travel	7,900		6,100	
Advertising and publications	32,300		18,600	
Printing	59,900		20,200	
Miscellaneous	900		4,100	
Consultants	48,600		16,000	
Equipment/materials	5,400		10,100	
Total expenses	155,000	–	75,100	–
BALANCE IN SALES PUBLICATIONS REVOLVING FUND (at the end of each biennium)	8,400		7,100	
NET REVENUE		117,200		73,800

8. Funds will be required for travel to book fairs or for organizing special promotional activities. Resources will be required for journal advertisements and other promotional activities. Funding is required for reprints of sales publications, CD-ROMs, planned publications and production of electronic statistical publications involving consultancy services, equipment and material for which provision in the regular budget is insufficient. Miscellaneous expenditures relate to translation, mailing costs and bank charges.

C. Other items

9. Other items for which miscellaneous income has been received in prior biennia, but for which reliable estimates cannot be made are presented for the information of Member States. Those items include:

- (a) Refund of prior year expenditures;
- (b) Sales of used equipment;
- (c) Net gain on exchange.

10. Any income received for these or other miscellaneous items during the biennium will be recorded against other income and reported in the financial performance reports.

Annex A

Table 1. Regular and operational budget expenditure and income by major programme and programme
(In euros)

Programme	2002-2003	2004-2005	2004-2005	Recosting	2004-2005	Per cent of	
	approved budget a/ 1	resource growth at 2002-2003 rates 2	resource requirements at 2002-2003 rates 3	to 2004-2005 rates 4	resource requirements at 2004-2005 rates 5	2002-2003	2004-2005
						6	7
Expenditure							
A GOVERNING BODIES							
A.1 Meetings of the Governing Bodies	4,015,300	(297,250)	3,718,050	139,100	3,857,150	2.5%	2.3%
A.2 Secretariat of Governing Bodies & Ext. Relations	1,292,400	31,400	1,323,800	118,600	1,442,400	0.8%	0.9%
Subtotal	5,307,700	(265,850)	5,041,850	257,700	5,299,550	3.3%	3.1%
B GENERAL MANAGEMENT							
B.1 Executive Direction and Management	4,880,400	(878,080)	4,002,320	333,400	4,335,720	3.0%	2.6%
B.2 United Nations System Coordination	1,993,700	682,250	2,675,950	196,400	2,872,350	1.2%	1.7%
B.3 Communication and Information	1,410,300	50,290	1,460,590	100,000	1,560,590	0.9%	0.9%
B.4 Comptroller-General	2,469,800	630,200	3,100,000	365,200	3,465,200	1.5%	2.0%
Subtotal	10,754,200	484,660	11,238,860	995,000	12,233,860	6.7%	7.2%
C STRENGTHENING OF INDUSTRIAL CAPACITIES							
C.1 Industrial Governance and Statistics	11,281,300	(184,500)	11,096,800	885,800	11,982,600	7.0%	7.1%
C.2 Investment and Technology Promotion	7,879,500	(79,770)	7,799,730	726,600	8,526,330	4.9%	5.0%
C.3 Quality and Productivity	4,551,700	(74,260)	4,477,440	351,000	4,828,440	2.8%	2.9%
C.4 Small Business Development	8,068,200	(316,360)	7,751,840	744,900	8,496,740	5.0%	5.0%
C.5 Direction and Management	1,468,300	(413,040)	1,055,260	95,700	1,150,960	0.9%	0.7%
Subtotal	33,249,000	(1,067,930)	32,181,070	2,804,000	34,985,070	20.7%	20.7%
D CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT							
D.1 Agro-Industries	6,444,000	458,400	6,902,400	689,900	7,592,300	4.0%	4.5%
D.2 Industrial Energy and Kyoto Protocol	5,931,600	376,560	6,308,160	674,900	6,983,060	3.7%	4.1%
D.3 Montreal Protocol	5,744,900	355,950	6,100,850	618,000	6,718,850	3.6%	4.0%
D.4 Environmental Management	6,385,600	(361,100)	6,024,500	631,700	6,656,200	4.0%	3.9%
D.5 Direction and Management	1,840,300	(1,206,800)	633,500	42,500	676,000	1.1%	0.4%
Subtotal	26,346,400	(376,990)	25,969,410	2,657,000	28,626,410	16.4%	16.9%
E REGIONAL PROGRAMME							
E.1 Regional Bureaux	8,224,900	(838,790)	7,386,110	910,000	8,296,110	5.1%	4.9%
E.2 Field Offices	27,659,800	(1,148,930)	26,510,870	1,601,800	28,112,670	17.3%	16.6%
E.3 Funds Mobilization	956,050	138,650	1,094,700	137,600	1,232,300	0.6%	0.7%
E.4 Direction and Management	2,126,100	1,005,780	3,131,880	286,200	3,418,080	1.3%	2.0%
Subtotal	38,966,850	(843,290)	38,123,560	2,935,600	41,059,160	24.3%	24.3%
F ADMINISTRATION							
F.1 Human Resource Management	5,019,100	341,510	5,360,610	442,400	5,803,010	3.1%	3.4%
F.2 Financial Services	6,148,350	(68,850)	6,079,500	471,700	6,551,200	3.8%	3.9%
F.3 General Services	7,457,100	(62,100)	7,395,000	506,000	7,901,000	4.7%	4.7%
F.4 Legal Services	933,800	17,200	951,000	102,100	1,053,100	0.6%	0.6%
F.5 Information Networks and Knowledge Management	8,904,550	(889,500)	8,015,050	416,000	8,431,050	5.6%	5.0%
F.6 Direction and Management	1,540,700	(432,100)	1,108,600	83,200	1,191,800	1.0%	0.7%
Subtotal	30,003,600	(1,093,840)	28,909,760	2,021,400	30,931,160	18.7%	18.3%
H INDIRECT COSTS							
H.1 Contribution to Shared Services	15,667,150	(332,890)	15,334,260	666,500	16,000,760	9.8%	9.5%
Subtotal	15,667,150	(332,890)	15,334,260	666,500	16,000,760	9.8%	9.5%
TOTAL expenditure (excl. major programme G)	160,294,900	(3,496,130)	156,798,770	12,337,200	169,135,970	100.0%	100.0%
G BUILDINGS MANAGEMENT							
G.1 Common Buildings Management	35,941,600	7,885,130	43,826,730	2,239,300	46,066,030	95.7%	96.2%
G.2 Joint Buildings Management	1,608,900	103,200	1,712,100	92,000	1,804,100	4.3%	3.8%
TOTAL expenditure (major programme G)	37,550,500	7,988,330	45,538,830	2,331,300	47,870,130	100.0%	100.0%

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a/ Reflects budget adjustments to the base.

Table 1 (continued)

Programme	2002-2003 approved budget a/ 1	2004-2005 resource growth at 2002-2003 rates 2	2004-2005 resource requirements at 2002-2003 rates 3	Recosting to 2004-2005 rates 4	2004-2005 resource requirements at 2004-2005 rates 5	Per cent of total budget	
						2002-2003	2004-2005
						6	7
Income							
A GOVERNING BODIES							
Subtotal						0.0%	0.0%
B GENERAL MANAGEMENT							
Subtotal						0.0%	0.0%
C STRENGTHENING OF INDUSTRIAL CAPACITIES							
Subtotal						0.0%	0.0%
D CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT							
Subtotal						0.0%	0.0%
E REGIONAL PROGRAMME							
E.2 Field Offices	2,689,900	(1,051,900)	1,638,000	168,000	1,806,000	58.4%	54.3%
Subtotal	2,689,900	(1,051,900)	1,638,000	168,000	1,806,000	58.4%	54.3%
F ADMINISTRATION							
Subtotal						0.0%	0.0%
H INDIRECT COSTS							
Subtotal						0.0%	0.0%
Miscellaneous Income	1,917,200	(395,400)	1,521,800		1,521,800	41.6%	45.7%
TOTAL income (excl. major programme G)	4,607,100	(1,447,300)	3,159,800	168,000	3,327,800	100.0%	100.0%
G BUILDINGS MANAGEMENT							
G.1 Common Buildings Management	35,941,600	7,885,130	43,826,730	2,239,300	46,066,030	95.7%	96.2%
G.2 Joint Buildings Management	1,608,900	103,200	1,712,100	92,000	1,804,100	4.3%	3.8%
TOTAL income (major programme G)	37,550,500	7,988,330	45,538,830	2,331,300	47,870,130	100.0%	100.0%
NET GRAND TOTAL	155,687,800	(2,048,830)	153,638,970	12,169,200	165,808,170		

a/ Reflects budget adjustments to the base.

Annex A

Table 2. Regular budget expenditure and income by major programme and programme
(In euros)

Programme	2002-2003	2004-2005	2004-2005	Recosting	2004-2005	Per cent of	
	approved budget a/ 1	resource growth at 2002-2003 rates 2	resource requirements at 2002-2003 rates 3	to 2004-2005 rates 4	resource requirements at 2004-2005 rates 5	2002-2003	2004-2005
						6	7
Expenditure							
A GOVERNING BODIES							
A.1 Meetings of the Governing Bodies	4,015,300	(297,250)	3,718,050	139,100	3,857,150	2.9%	2.6%
A.2 Secretariat of Governing Bodies & Ext. Relations	1,292,400	31,400	1,323,800	118,600	1,442,400	0.9%	1.0%
Subtotal	5,307,700	(265,850)	5,041,850	257,700	5,299,550	3.8%	3.6%
B GENERAL MANAGEMENT							
B.1 Executive Direction and Management	4,880,400	(878,080)	4,002,320	333,400	4,335,720	3.5%	2.9%
B.2 United Nations System Coordination	1,619,200	1,056,750	2,675,950	196,400	2,872,350	1.2%	1.9%
B.3 Communication and Information	1,410,300	50,290	1,460,590	100,000	1,560,590	1.0%	1.1%
B.4 Comptroller-General	2,355,500	630,200	2,985,700	360,400	3,346,100	1.7%	2.3%
Subtotal	10,265,400	859,160	11,124,560	990,200	12,114,760	7.4%	8.2%
C STRENGTHENING OF INDUSTRIAL CAPACITIES							
C.1 Industrial Governance and Statistics	10,334,200	(201,200)	10,133,000	767,000	10,900,000	7.5%	7.4%
C.2 Investment and Technology Promotion	5,476,300	477,430	5,953,730	518,300	6,472,030	4.0%	4.4%
C.3 Quality and Productivity	3,574,800	(74,260)	3,500,540	251,300	3,751,840	2.6%	2.5%
C.4 Small Business Development	6,654,950	(373,510)	6,281,440	620,600	6,902,040	4.8%	4.7%
C.5 Direction and Management	1,468,300	(413,040)	1,055,260	95,700	1,150,960	1.1%	0.8%
Subtotal	27,508,550	(584,580)	26,923,970	2,252,900	29,176,870	19.9%	19.8%
D CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT							
D.1 Agro-Industries	5,167,100	458,400	5,625,500	548,400	6,173,900	3.7%	4.2%
D.2 Industrial Energy and Kyoto Protocol	5,325,000	376,560	5,701,560	624,100	6,325,660	3.9%	4.3%
D.3 Montreal Protocol	4,055,400	199,250	4,254,650	479,900	4,734,550	2.9%	3.2%
D.4 Environmental Management	5,126,900	(163,800)	4,963,100	518,900	5,482,000	3.7%	3.7%
D.5 Direction and Management	1,612,900	(979,400)	633,500	42,500	676,000	1.2%	0.5%
Subtotal	21,287,300	(108,990)	21,178,310	2,213,800	23,392,110	15.4%	15.9%
E REGIONAL PROGRAMME							
E.1 Regional Bureaux	7,883,200	(838,790)	7,044,410	874,200	7,918,610	5.7%	5.4%
E.2 Field Offices	22,300,000	(1,122,800)	21,177,200	1,351,000	22,528,200	16.2%	15.3%
E.3 Funds Mobilization	956,050	138,650	1,094,700	137,600	1,232,300	0.7%	0.8%
E.4 Direction and Management	2,126,100	1,005,780	3,131,880	286,200	3,418,080	1.5%	2.3%
Subtotal	33,265,350	(817,160)	32,448,190	2,649,000	35,097,190	24.1%	23.8%
F ADMINISTRATION							
F.1 Human Resource Management	3,696,900	341,510	4,038,410	371,100	4,409,510	2.7%	3.0%
F.2 Financial Services	4,948,200	(11,700)	4,936,500	423,700	5,360,200	3.6%	3.6%
F.3 General Services	6,101,000	(62,100)	6,038,900	386,500	6,425,400	4.4%	4.4%
F.4 Legal Services	933,800	17,200	951,000	102,100	1,053,100	0.7%	0.7%
F.5 Information Networks and Knowledge Management	8,024,050	(596,000)	7,428,050	359,800	7,787,850	5.8%	5.3%
F.6 Direction and Management	1,540,700	(432,100)	1,108,600	83,200	1,191,800	1.1%	0.8%
Subtotal	25,244,650	(743,190)	24,501,460	1,726,400	26,227,860	18.3%	17.8%
H INDIRECT COSTS							
H.1 Contribution to Shared Services	15,043,350	290,910	15,334,260	666,500	16,000,760	10.9%	10.9%
Subtotal	15,043,350	290,910	15,334,260	666,500	16,000,760	10.9%	10.9%
TOTAL expenditure (excl. major programme G)	137,922,300	(1,369,700)	136,552,600	10,756,500	147,309,100	100.0%	100.0%
G BUILDINGS MANAGEMENT							
G.1 Common Buildings Management	35,941,600	7,885,130	43,826,730	2,239,300	46,066,030	95.7%	96.2%
G.2 Joint Buildings Management	1,608,900	103,200	1,712,100	92,000	1,804,100	4.3%	3.8%
TOTAL expenditure (major programme G)	37,550,500	7,988,330	45,538,830	2,331,300	47,870,130	100.0%	100.0%

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a/ Reflects budget adjustments to the base.

Table 2 (continued)

Programme	2002-2003 approved budget a/ 1	2004-2005 resource growth at 2002-2003 rates 2	2004-2005 resource requirements at 2002-2003 rates 3	Recosting to 2004-2005 rates 4	2004-2005 resource requirements at 2004-2005 rates 5	Per cent of total budget	
						2002-2003 6	2004-2005 7
Income							
A GOVERNING BODIES							
Subtotal						0.0%	0.0%
B GENERAL MANAGEMENT							
Subtotal						0.0%	0.0%
C STRENGTHENING OF INDUSTRIAL CAPACITIES							
Subtotal						0.0%	0.0%
D CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT							
Subtotal						0.0%	0.0%
E REGIONAL PROGRAMME							
E.2 Field Offices	2,515,300	(1,047,300)	1,468,000	150,500	1,618,500	59.4%	53.7%
Subtotal	2,515,300	(1,047,300)	1,468,000	150,500	1,618,500	59.4%	53.7%
F ADMINISTRATION							
Subtotal						0.0%	0.0%
H INDIRECT COSTS							
Subtotal						0.0%	0.0%
Miscellaneous Income	1,717,200	(322,400)	1,394,800		1,394,800	40.6%	46.3%
TOTAL income (excl. major programme G)	4,232,500	(1,369,700)	2,862,800	150,500	3,013,300	100.0%	100.0%
G BUILDINGS MANAGEMENT							
G.1 Common Buildings Management	35,941,600	7,885,130	43,826,730	2,239,300	46,066,030	95.7%	96.2%
G.2 Joint Buildings Management	1,608,900	103,200	1,712,100	92,000	1,804,100	4.3%	3.8%
TOTAL income (major programme G)	37,550,500	7,988,330	45,538,830	2,331,300	47,870,130	100.0%	100.0%
NET GRAND TOTAL	133,689,800		133,689,800	10,606,000	144,295,800		

a/ Reflects budget adjustments to the base.

Annex A

Table 3. Operational budget expenditure and income by major programme and programme
(In euros)

Programme	2002-2003	2004-2005	2004-2005	Recosting	2004-2005	Per cent of	
	approved budget a/ 1	resource growth at 2002-2003 rates 2	resource requirements at 2002-2003 rates 3	to 2004-2005 rates 4	resource requirements at 2004-2005 rates 5	2002-2003	2004-2005
						6	7
Expenditure							
A GOVERNING BODIES							
Subtotal						0.0%	0.0%
B GENERAL MANAGEMENT							
B.2 United Nations System Coordination	374,500	(374,500)				1.7%	0.0%
B.4 Comptroller-General	114,300		114,300	4,800	119,100	0.5%	0.5%
Subtotal	488,800	(374,500)	114,300	4,800	119,100	2.2%	0.5%
C STRENGTHENING OF INDUSTRIAL CAPACITIES							
C.1 Industrial Governance and Statistics	947,100	16,700	963,800	118,800	1,082,600	4.2%	5.0%
C.2 Investment and Technology Promotion	2,403,200	(557,200)	1,846,000	208,300	2,054,300	10.7%	9.4%
C.3 Quality and Productivity	976,900		976,900	99,700	1,076,600	4.4%	4.9%
C.4 Small Business Development	1,413,250	57,150	1,470,400	124,300	1,594,700	6.3%	7.3%
Subtotal	5,740,450	(483,350)	5,257,100	551,100	5,808,200	25.7%	26.6%
D CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT							
D.1 Agro-Industries	1,276,900		1,276,900	141,500	1,418,400	5.7%	6.5%
D.2 Industrial Energy and Kyoto Protocol	606,600		606,600	50,800	657,400	2.7%	3.0%
D.3 Montreal Protocol	1,689,500	156,700	1,846,200	138,100	1,984,300	7.6%	9.1%
D.4 Environmental Management	1,258,700	(197,300)	1,061,400	112,800	1,174,200	5.6%	5.4%
D.5 Direction and Management	227,400	(227,400)				1.0%	0.0%
Subtotal	5,059,100	(268,000)	4,791,100	443,200	5,234,300	22.6%	24.0%
E REGIONAL PROGRAMME							
E.1 Regional Bureaux	341,700		341,700	35,800	377,500	1.5%	1.7%
E.2 Field Offices	5,359,800	(26,130)	5,333,670	250,800	5,584,470	24.0%	25.6%
Subtotal	5,701,500	(26,130)	5,675,370	286,600	5,961,970	25.5%	27.3%
F ADMINISTRATION							
F.1 Human Resource Management	1,322,200		1,322,200	71,300	1,393,500	5.9%	6.4%
F.2 Financial Services	1,200,150	(57,150)	1,143,000	48,000	1,191,000	5.4%	5.5%
F.3 General Services	1,356,100		1,356,100	119,500	1,475,600	6.1%	6.8%
F.5 Information Networks and Knowledge Management	880,500	(293,500)	587,000	56,200	643,200	3.9%	2.9%
Subtotal	4,758,950	(350,650)	4,408,300	295,000	4,703,300	21.3%	21.5%
H INDIRECT COSTS							
H.1 Contribution to Shared Services	623,800	(623,800)				2.8%	0.0%
Subtotal	623,800	(623,800)				2.8%	0.0%
TOTAL expenditure (excl. major programme G)	22,372,600	(2,126,430)	20,246,170	1,580,700	21,826,870	100.0%	100.0%
G BUILDINGS MANAGEMENT							
TOTAL expenditure (major programme G)							

(Continued next page)

a/ Reflects budget adjustments to the base.

Table 3 (continued)

Programme	2002-2003 approved budget a/ 1	2004-2005 resource growth at 2002-2003 rates 2	2004-2005 resource requirements at 2002-2003 rates 3	Recosting to 2004-2005 rates 4	2004-2005 resource requirements at 2004-2005 rates 5	Per cent of total budget	
						2002-2003 6	2004-2005 7
Income							
A GOVERNING BODIES							
Subtotal						0.0%	0.0%
B GENERAL MANAGEMENT							
Subtotal						0.0%	0.0%
C STRENGTHENING OF INDUSTRIAL CAPACITIES							
Subtotal						0.0%	0.0%
D CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT							
Subtotal						0.0%	0.0%
E REGIONAL PROGRAMME							
E.2 Field Offices	174,600	(4,600)	170,000	17,500	187,500	46.6%	59.6%
Subtotal	174,600	(4,600)	170,000	17,500	187,500	46.6%	59.6%
F ADMINISTRATION							
Subtotal						0.0%	0.0%
H INDIRECT COSTS							
Subtotal						0.0%	0.0%
Miscellaneous Income	200,000	(73,000)	127,000		127,000	53.4%	40.4%
TOTAL income (excl. major programme G)	374,600	(77,600)	297,000	17,500	314,500	100.0%	100.0%
G BUILDINGS MANAGEMENT							
TOTAL income (major programme G)							
NET GRAND TOTAL	21,998,000	(2,048,830)	19,949,170	1,563,200	21,512,370		

a/ Reflects budget adjustments to the base.

Annex B

Table 1. Regular and operational budget expenditure and income by programme and major object of expenditure at 2002-2003 rates
(In euros)

Programme	Staff costs		Official travel		Operating costs		Information and communication technology		RPTC and SRA activities		Total expenditure		Income		Net requirements	
	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005
A GOVERNING BODIES																
A.1 Meetings of the Governing Bodies:	62,400	51,300			3,952,900	3,666,750					4,015,300	3,718,050			4,015,300	3,718,050
A.2 Secretariat of Governing Bodies & Ext. Relation:	1,113,900	1,145,500	23,400	10,000	155,100	168,300					1,292,400	1,323,800			1,292,400	1,323,800
Subtotal	1,176,300	1,196,800	23,400	10,000	4,108,000	3,835,050					5,307,700	5,041,850			5,307,700	5,041,850
B GENERAL MANAGEMENT																
B.1 Executive Direction and Management	4,129,100	3,228,900	443,600	443,600	307,700	329,820					4,880,400	4,002,320			4,880,400	4,002,320
B.2 United Nations System Coordinator	1,577,200	2,194,700	50,000	50,000	311,700	369,850	54,800	61,400			1,993,700	2,675,950			1,993,700	2,675,950
B.3 Communication and Informator	980,400	806,800	39,800	39,800	390,100	613,990					1,410,300	1,460,590			1,410,300	1,460,590
B.4 Comptroller-General	2,431,000	3,009,000	11,000	50,000	27,800	41,000					2,469,800	3,100,000			2,469,800	3,100,000
Subtotal	9,117,700	9,239,400	544,400	583,400	1,037,300	1,354,660	54,800	61,400			10,754,200	11,238,860			10,754,200	11,238,860
C STRENGTHENING OF INDUSTRIAL CAPACITIES																
C.1 Industrial Governance and Statistics	8,189,600	7,726,770	192,900	170,000	431,000	589,830			2,467,800	2,610,200	11,281,300	11,096,800			11,281,300	11,096,800
C.2 Investment and Technology Promotior	5,718,900	5,415,800	157,400	140,000	187,500	199,930			1,815,700	2,044,000	7,879,500	7,799,730			7,879,500	7,799,730
C.3 Quality and Productivity	2,632,600	2,500,800	35,600	30,000	250,900	106,940			1,632,600	1,839,700	4,551,700	4,477,440			4,551,700	4,477,440
C.4 Small Business Development	5,700,200	5,367,900	68,700	60,000	183,700	250,240			2,115,600	2,073,700	8,068,200	7,751,840			8,068,200	7,751,840
C.5 Direction and Management	1,358,200	990,600	101,100	50,000	9,000	14,660					1,468,300	1,055,260			1,468,300	1,055,260
Subtotal	23,599,500	22,001,870	555,700	450,000	1,062,100	1,161,600			8,031,700	8,567,600	33,249,000	32,181,070			33,249,000	32,181,070
D CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT																
D.1 Agro-Industries	5,278,200	4,994,900	84,800	80,000	69,100	12,400			1,011,900	1,815,100	6,444,000	6,902,400			6,444,000	6,902,400
D.2 Industrial Energy and Kyoto Protoco	4,752,700	4,715,500	236,000	200,000	132,100	22,260			810,800	1,370,400	5,931,600	6,308,160			5,931,600	6,308,160
D.3 Montreal Protocol	4,988,600	5,205,700	80,400	158,000	675,900	737,150					5,744,900	6,100,850			5,744,900	6,100,850
D.4 Environmental Management	5,418,500	4,961,700	51,000	45,000	67,400	64,600			848,700	933,200	6,385,600	6,024,500			6,385,600	6,024,500
D.5 Direction and Management	1,768,500	578,400	68,000	50,000	3,800	5,100					1,840,300	633,500			1,840,300	633,500
Subtotal	22,206,500	20,456,200	520,200	533,000	948,300	861,510			2,671,400	4,118,700	26,346,400	25,969,410			26,346,400	25,969,410
E REGIONAL PROGRAMME																
E.1 Regional Bureaux	6,429,600	6,833,100	354,200	330,000	851,800	223,010			589,300		8,224,900	7,386,110			8,224,900	7,386,110
E.2 Field Offices	19,371,500	19,252,300	395,200	480,000	5,661,600	5,910,970	30,000		2,231,500	837,600	27,659,800	26,510,870	(2,689,900)	(1,638,000)	24,969,900	24,872,870
E.3 Funds Mobilization	956,050	1,044,700		50,000							956,050	1,094,700			956,050	1,094,700
E.4 Direction and Management	2,025,500	2,984,400	60,000	100,000	40,600	47,480					2,126,100	3,131,880			2,126,100	3,131,880
Subtotal	28,782,650	30,114,500	809,400	960,000	6,554,000	6,181,460	30,000		2,820,800	837,600	38,966,850	38,123,560	(2,689,900)	(1,638,000)	36,276,950	36,485,560
F ADMINISTRATION																
F.1 Human Resource Management	4,942,100	5,183,400	26,600	26,600	50,400	150,610					5,019,100	5,360,610			5,019,100	5,360,610
F.2 Financial Services	6,074,250	6,024,400	14,600	14,000	59,500	41,100					6,148,350	6,079,500			6,148,350	6,079,500
F.3 General Services	4,813,800	4,885,200	15,900	12,000	1,492,200	1,497,800	1,135,200	1,000,000			7,457,100	7,395,000			7,457,100	7,395,000
F.4 Legal Services	925,400	928,200	8,400	8,200	14,600	14,600					933,800	951,000			933,800	951,000
F.5 Information Networks and Knowledge Management	4,444,450	3,973,050	11,000	11,000	461,200	461,200	3,987,900	3,569,800			8,904,550	8,015,050			8,904,550	8,015,050
F.6 Direction and Management	1,483,300	1,073,000	20,400	25,400	37,000	10,200					1,540,700	1,108,600			1,540,700	1,108,600
Subtotal	22,683,300	22,067,250	96,900	97,200	2,100,300	2,175,510	5,123,100	4,569,800			30,003,600	28,909,760			30,003,600	28,909,760
H INDIRECT COSTS																
H.1 Contribution to Shared Services	3,829,650	3,843,400			10,845,600	10,579,860	991,900	911,000			15,667,150	15,334,260			15,667,150	15,334,260
Subtotal	3,829,650	3,843,400			10,845,600	10,579,860	991,900	911,000			15,667,150	15,334,260			15,667,150	15,334,260
Miscellaneous Income													(1,917,200)	(1,521,800)	(1,917,200)	(1,521,800)
TOTAL (excl. major programme G)	111,395,600	108,919,420	2,550,000	2,633,600	26,655,600	26,149,650	6,169,800	5,572,200	13,523,900	13,523,900	160,294,900	156,798,770	(4,607,100)	(3,159,800)	155,687,800	153,638,970
G BUILDINGS MANAGEMENT																
G.1 Common Buildings Management	12,394,500	13,177,400	11,100	11,500	23,536,000	30,637,830					35,941,600	43,826,730	(35,941,600)	(43,826,730)		
G.2 Joint Buildings Management	375,500	350,900			1,233,400	1,361,200					1,608,900	1,712,100	(1,608,900)	(1,712,100)		
TOTAL (major programme G)	12,770,000	13,528,300	11,100	11,500	24,769,400	31,999,030					37,550,500	45,538,830	(37,550,500)	(45,538,830)		

a/ Reflects budget adjustments to the base.

Annex B

Table 2. Regular budget expenditure and income by programme and major object of expenditure at 2002-2003 rates
(In euros)

Programme	Staff costs		Official travel		Operating costs		Information and communication technology		RPTC and SRA activities		Total expenditure		Income		Net requirements		
	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	
A GOVERNING BODIES																	
A.1 Meetings of the Governing Bodies:	62,400	51,300			3,952,900	3,666,750					4,015,300	3,718,050			4,015,300	3,718,050	
A.2 Secretariat of Governing Bodies & Ext. Relation:	1,113,900	1,145,500	23,400	10,000	155,100	168,300					1,292,400	1,323,800			1,292,400	1,323,800	
Subtotal	1,176,300	1,196,800	23,400	10,000	4,108,000	3,835,050					5,307,700	5,041,850			5,307,700	5,041,850	
B GENERAL MANAGEMENT																	
B.1 Executive Direction and Management	4,129,100	3,228,900	443,600	443,600	307,700	329,820					4,880,400	4,002,320			4,880,400	4,002,320	
B.2 United Nations System Coordinator	1,202,700	2,194,700	50,000	50,000	311,700	369,850	54,800	61,400			1,619,200	2,675,950			1,619,200	2,675,950	
B.3 Communication and Informator	980,400	806,800	39,800	39,800	390,100	613,990					1,410,300	1,460,590			1,410,300	1,460,590	
B.4 Comptroller-General	2,316,700	2,894,700	11,000	50,000	27,800	41,000					2,355,500	2,985,700			2,355,500	2,985,700	
Subtotal	8,628,900	9,125,100	544,400	583,400	1,037,300	1,354,660	54,800	61,400			10,265,400	11,124,560			10,265,400	11,124,560	
C STRENGTHENING OF INDUSTRIAL CAPACITIES																	
C.1 Industrial Governance and Statistics	7,242,500	6,762,970	192,900	170,000	431,000	589,830			2,467,800	2,610,200	10,334,200	10,133,000			10,334,200	10,133,000	
C.2 Investment and Technology Promotior	3,315,700	3,569,800	157,400	140,000	187,500	199,930			1,815,700	2,044,000	5,476,300	5,953,730			5,476,300	5,953,730	
C.3 Quality and Productivity	1,655,700	1,523,900	35,600	30,000	250,900	106,940			1,632,600	1,839,700	3,574,800	3,500,540			3,574,800	3,500,540	
C.4 Small Business Development	4,286,950	3,897,500	68,700	60,000	183,700	250,240			2,115,600	2,073,700	6,654,950	6,281,440			6,654,950	6,281,440	
C.5 Direction and Management	1,358,200	990,600	101,100	50,000	9,000	14,660					1,468,300	1,055,260			1,468,300	1,055,260	
Subtotal	17,859,050	16,744,770	555,700	450,000	1,062,100	1,161,600			8,031,700	8,567,600	27,508,550	26,923,970			27,508,550	26,923,970	
D CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT																	
D.1 Agro-Industries	4,001,300	3,718,000	84,800	80,000	69,100	12,400			1,011,900	1,815,100	5,167,100	5,625,500			5,167,100	5,625,500	
D.2 Industrial Energy and Kyoto Protoco	4,146,100	4,108,900	236,000	200,000	132,100	22,260			810,800	1,370,400	5,325,000	5,701,560			5,325,000	5,701,560	
D.3 Montreal Protocol	3,829,400	4,046,500	80,400	158,000	145,600	50,150					4,055,400	4,254,650			4,055,400	4,254,650	
D.4 Environmental Management	4,159,800	3,900,300	51,000	45,000	67,400	84,600			848,700	933,200	5,126,900	4,963,100			5,126,900	4,963,100	
D.5 Direction and Management	1,541,100	578,400	68,000	50,000	3,800	5,100					1,612,900	633,500			1,612,900	633,500	
Subtotal	17,677,700	16,352,100	520,200	533,000	418,000	174,510			2,671,400	4,118,700	21,287,300	21,178,310			21,287,300	21,178,310	
E REGIONAL PROGRAMME																	
E.1 Regional Bureaux	6,087,900	6,491,400	354,200	330,000	851,800	223,010			589,300		7,883,200	7,044,410			7,883,200	7,044,410	
E.2 Field Offices	14,593,700	14,474,500	395,200	480,000	5,079,600	5,355,100	30,000		2,231,500	837,600	22,300,000	21,177,200	(2,515,300)	(1,468,000)	19,784,700	19,709,200	
E.3 Funds Mobilization	956,050	1,044,700		50,000							956,050	1,094,700			956,050	1,094,700	
E.4 Direction and Management	2,025,500	2,984,400	60,000	100,000	40,600	47,480					2,126,100	3,131,880			2,126,100	3,131,880	
Subtotal	23,663,150	24,995,000	809,400	960,000	5,972,000	5,625,590	30,000		2,820,800	837,600	33,265,350	32,448,190	(2,515,300)	(1,468,000)	30,750,050	30,980,190	
F ADMINISTRATION																	
F.1 Human Resource Management	3,619,900	3,861,200	26,600	26,600	50,400	150,610					3,696,900	4,038,410			3,696,900	4,038,410	
F.2 Financial Services	4,874,100	4,881,400	14,600	14,000	59,500	41,100					4,948,200	4,936,500			4,948,200	4,936,500	
F.3 General Services	3,457,700	3,529,100	15,900	12,000	1,492,200	1,497,800	1,135,200	1,000,000			6,101,000	6,038,900			6,101,000	6,038,900	
F.4 Legal Services	925,400	928,200	8,400	8,200		14,600					933,800	951,000			933,800	951,000	
F.5 Information Networks and Knowledge Managemer	3,563,950	3,386,050	11,000	11,000	461,200	461,200	3,987,900	3,569,800			8,024,050	7,428,050			8,024,050	7,428,050	
F.6 Direction and Management	1,483,300	1,073,000	20,400	25,400	37,000	10,200					1,540,700	1,108,600			1,540,700	1,108,600	
Subtotal	17,924,350	17,658,950	96,900	97,200	2,100,300	2,175,510	5,123,100	4,569,800			25,244,650	24,501,460			25,244,650	24,501,460	
H INDIRECT COSTS																	
H.1 Contribution to Shared Services	3,205,850	3,843,400			10,845,600	10,579,860	991,900	911,000			15,043,350	15,334,260			15,043,350	15,334,260	
Subtotal	3,205,850	3,843,400			10,845,600	10,579,860	991,900	911,000			15,043,350	15,334,260			15,043,350	15,334,260	
Miscellaneous Income														(1,717,200)	(1,394,800)	(1,717,200)	(1,394,800)
TOTAL (excl. major programme G)	90,135,300	89,916,120	2,550,000	2,633,600	25,543,300	24,906,780	6,169,800	5,572,200	13,523,900	13,523,900	137,922,300	136,552,600	(4,232,500)	(2,862,800)	133,689,800	133,689,800	
G BUILDINGS MANAGEMENT																	
G.1 Common Buildings Management	12,394,500	13,177,400	11,100	11,500	23,536,000	30,637,830					35,941,600	43,826,730	(35,941,600)	(43,826,730)			
G.2 Joint Buildings Management	375,500	350,900			1,233,400	1,361,200					1,608,900	1,712,100	(1,608,900)	(1,712,100)			
TOTAL (major programme G)	12,770,000	13,528,300	11,100	11,500	24,769,400	31,999,030					37,550,500	45,538,830	(37,550,500)	(45,538,830)			

a/ Reflects budget adjustments to the base.

Annex B

Table 3. Operational budget expenditure and income by programme and major object of expenditure at 2002-2003 rates
(In euros)

Programme	Staff costs		Official travel		Operating costs		Information and communication technology		RPTC and SRA activities		Total expenditure		Income		Net requirements	
	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005	2002 - 2003 a/	2004 - 2005
A GOVERNING BODIES																
Subtotal																
B GENERAL MANAGEMENT																
B.2 United Nations System Coordinati	374,500										374,500				374,500	
B.4 Comptroller-General	114,300	114,300									114,300	114,300			114,300	114,300
Subtotal	488,800	114,300									488,800	114,300			488,800	114,300
C STRENGTHENING OF INDUSTRIAL CAPACITIES																
C.1 Industrial Governance and Statistics	947,100	963,800									947,100	963,800			947,100	963,800
C.2 Investment and Technology Promotior	2,403,200	1,846,000									2,403,200	1,846,000			2,403,200	1,846,000
C.3 Quality and Productivity	976,900	976,900									976,900	976,900			976,900	976,900
C.4 Small Business Development	1,413,250	1,470,400									1,413,250	1,470,400			1,413,250	1,470,400
Subtotal	5,740,450	5,257,100									5,740,450	5,257,100			5,740,450	5,257,100
D CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT																
D.1 Agro-Industries	1,276,900	1,276,900									1,276,900	1,276,900			1,276,900	1,276,900
D.2 Industrial Energy and Kyoto Protoco	606,600	606,600									606,600	606,600			606,600	606,600
D.3 Montreal Protocol	1,159,200	1,159,200			530,300	687,000					1,689,500	1,846,200			1,689,500	1,846,200
D.4 Environmental Management	1,258,700	1,061,400									1,258,700	1,061,400			1,258,700	1,061,400
D.5 Direction and Management	227,400										227,400				227,400	
Subtotal	4,528,800	4,104,100			530,300	687,000					5,059,100	4,791,100			5,059,100	4,791,100
E REGIONAL PROGRAMME																
E.1 Regional Bureaux	341,700	341,700									341,700	341,700			341,700	341,700
E.2 Field Offices	4,777,800	4,777,800			582,000	555,870					5,359,800	5,333,670	(174,600)	(170,000)	5,185,200	5,163,670
Subtotal	5,119,500	5,119,500			582,000	555,870					5,701,500	5,675,370	(174,600)	(170,000)	5,526,900	5,505,370
F ADMINISTRATION																
F.1 Human Resource Management	1,322,200	1,322,200									1,322,200	1,322,200			1,322,200	1,322,200
F.2 Financial Services	1,200,150	1,143,000									1,200,150	1,143,000			1,200,150	1,143,000
F.3 General Services	1,356,100	1,356,100									1,356,100	1,356,100			1,356,100	1,356,100
F.5 Information Networks and Knowledge Managemen	880,500	587,000									880,500	587,000			880,500	587,000
Subtotal	4,758,950	4,408,300									4,758,950	4,408,300			4,758,950	4,408,300
H INDIRECT COSTS																
H.1 Contribution to Shared Services	623,800										623,800				623,800	
Subtotal	623,800										623,800				623,800	
Miscellaneous Income													(200,000)	(127,000)	(200,000)	(127,000)
TOTAL (excl. major programme G)	21,260,300	19,003,300			1,112,300	1,242,870					22,372,600	20,246,170	(374,600)	(297,000)	21,998,000	19,949,170
G BUILDINGS MANAGEMENT																
TOTAL (major programme G)																

a/ Reflects budget adjustments to the base.

Annex C

Staffing by major programme and programme

Programme	Professional and above			General service		
	Regular budget	Operational budget	Total	Regular budget	Operational budget	Total
	1	2	3	4	5	6
A GOVERNING BODIES						
A.2 Secretariat of Governing Bodies & Ext. Relations	3.0		3.0	4.0		4.0
Subtotal	3.0	0.0	3.0	4.0	0.0	4.0
B GENERAL MANAGEMENT						
B.1 Executive Direction and Management	7.0		7.0	7.0		7.0
B.2 United Nations System Coordination	5.0		5.0	2.0		2.0
B.3 Communication and Information	2.0		2.0	3.0		3.0
B.4 Comptroller-General	8.0		8.0	6.0	1.0	7.0
Subtotal	22.0	0.0	22.0	18.0	1.0	19.0
C STRENGTHENING OF INDUSTRIAL CAPACITIES						
C.1 Industrial Governance and Statistics	17.0	4.0	21.0	15.0	1.0	16.0
C.2 Investment and Technology Promotior	12.0	6.0	18.0	8.0	4.0	12.0
C.3 Quality and Productivity	5.0	3.0	8.0	2.0	3.0	5.0
C.4 Small Business Development	14.0	3.0	17.0	4.0	7.0	11.0
C.5 Direction and Management	2.0		2.0	4.0		4.0
Subtotal	50.0	16.0	66.0	33.0	15.0	48.0
D CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT						
D.1 Agro-Industries	11.0	4.0	15.0	8.0	3.0	11.0
D.2 Industrial Energy and Kyoto Protocol	14.0	1.0	15.0	6.0	3.0	9.0
D.3 Montreal Protocol	14.0	2.0	16.0	7.0	6.0	13.0
D.4 Environmental Management	13.0	3.0	16.0	7.0	3.0	10.0
D.5 Direction and Management	1.0		1.0	2.0		2.0
Subtotal	53.0	10.0	63.0	30.0	15.0	45.0
E REGIONAL PROGRAMME						
E.1 Regional Bureaux	19.0	1.0	20.0	13.0	1.0	14.0
E.2 Field Offices	34.0	12.0	46.0	48.0	20.0	68.0
E.3 Funds Mobilization	3.0		3.0	3.0		3.0
E.4 Direction and Management	8.0		8.0	9.0		9.0
Subtotal	64.0	13.0	77.0	73.0	21.0	94.0
F ADMINISTRATION						
F.1 Human Resource Management	8.0	1.0	9.0	14.0	10.0	24.0
F.2 Financial Services	10.0		10.0	24.0	10.0	34.0
F.3 General Services	6.0	3.0	9.0	19.0	6.0	25.0
F.4 Legal Services	3.0		3.0	2.0		2.0
F.5 Information Networks and Knowledge Management	9.0	2.0	11.0	13.5	2.0	15.5
F.6 Direction and Management	2.0		2.0	4.0		4.0
Subtotal	38.0	6.0	44.0	76.5	28.0	104.5
H INDIRECT COSTS						
Subtotal	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL (excl. major programme G)	230.0	45.0	275.0	234.5	80.0	314.5
G BUILDINGS MANAGEMENT						
G.1 Common Buildings Management	6.0		6.0	110.0		110.0
G.2 Joint Buildings Management				3.0		3.0
TOTAL (major programme G)	6.0	0.0	6.0	113.0	0.0	113.0

Annex D

Performance indicators

MAJOR PROGRAMME A: GOVERNING BODIES

Programme A.1: Meetings of the Governing Bodies

- Forums of the policy-making organs held as per schedule.
- Timely preparation and distribution of requisite documentation.
- Efficient implementation of instructions issued by the governing bodies.

Programme A.2: Secretariat of Governing Bodies and External Relations

- Forums of the policy-making organs (including meetings of working groups established by those organs and related preparatory/consultation meetings) held as per schedule.
- Timely preparation and distribution of requisite documentation.
- Speedy and efficient response to requests for information from Member and non-Member States.
- Favourable feedback from Member States on the services provided.
- Efficient implementation of decisions, resolutions and conclusions adopted by the governing bodies.
- Number of high-level visits/events for which substantive and logistic support is mobilized.

MAJOR PROGRAMME B: GENERAL MANAGEMENT

Programme B.1: Executive Direction and Management

- Improvements in the strategic direction of UNIDO's technical cooperation and global forum activities, responding more clearly to the needs of Member States and to international development priorities.
- Improvements in management and coordination of UNIDO's technical cooperation and global forum activities, and their effective monitoring and evaluation.
- Continued effective response to expressed needs of Member States.

Programme B.2: United Nations System Coordination

- Level of cooperation and coordination with the United Nations and other international organizations.
- Expressions of support for UNIDO's contribution to international development.
- References to UNIDO's developmental role in the United Nations documentation and resolutions.

Programme B.3: Communication and Information

- Number of interviews and meetings with the media for the Director-General and senior UNIDO management.
- Number of UNIDO publications displaying a uniform and unique corporate identity.
- Number of correct and updated references to UNIDO in external publications such as yearbooks and specialized listings.

Programme B.4: Comptroller-General

Subprogramme B.4.1: Comptroller-General's Office

- Improved efficiency of financial controls and programmes.
- Increased accountability on use of resources by programme managers.
- Effective coordination of liaison activities *vis-à-vis* other organizational units, Joint Inspection Unit, External Auditor and stakeholders.
- Timely provision of financial and programmatic advice, including issuance of reports to address issues to protect interests and assets of Organization.
- Effective and efficient coordination and implementation of work programme, and introduction of best practices in field of responsibility.

Subprogramme B.4.2: Internal Oversight

- Timely issuance of audit manual and best practices.
- Timely issuance of contracts, etc., and efficient use of Organization's resources.
- Improved internal controls.
- Improved accountability.
- Percentage of audit observations accepted and implemented.

Subprogramme B.4.3: Evaluation Services

- Number of evaluation reports prepared meeting the quality standards set by the Organization and responsive to the tasks and issues set out in their terms of reference.
- Improvements in UNIDO's programme and project cycle management system, accountability and practices.
- Improved design and compliance with the requirements of the self-evaluation system and broad participation in the in-depth evaluation process leading to the improved programme design and management.
- Percentage of evaluation recommendations accepted and implemented.

MAJOR PROGRAMME C: STRENGTHENING OF INDUSTRIAL CAPACITIES

Programme C.1: Industrial Governance and Statistics

- Number of UNIDO publications issued on matters related to sustainable industrial development, including the UNIDO Industrial Development Report and various country-, region- and sector-specific studies, and presented at policy workshops, including the annual conference of the International Network of Dynamic City-Regions.
- Utilization of UNIDO studies by Member States and the Secretariat in the preparation of national industrial development programmes and UNIDO integrated programmes and country service frameworks.
- Number of research papers, analytical studies, policy briefs and workshops on industrial strategies, policies and support institutions.

- Number of representatives of public and private sector bodies in various countries trained on industrial policy and strategy issues to promote consensual policy and strategy formulation and implementation, and the establishment of public-private partnerships.
- Number of annual update editions of UNIDO's industrial databases and statistical publications produced.

Programme C.2: Investment and Technology Promotion

- Number of Member States benefiting from assistance in national capacity-building efforts in designing and managing policies, strategies and instruments for investment and technology promotion.
- Number of Member States undertaking technology foresight programmes.
- Number of investment and technology promotion institutions established and/or strengthened; number of investment and technology negotiations handled.
- Number of international business alliances promoted.
- Number of manuals, analytical studies, publications, conferences and other fora on the state-of-the-art knowledge and best practices of investment and technology promotion.
- Number of SPXs established and countries benefiting from them; number of business alliances promoted and channelled through SPXs.

Programme C.3: Quality and Productivity

- Number of Governments assisted in developing the legal and regulatory framework relating to SMTQ, in supporting quality and productivity policy.
- Number of standardization and accreditation bodies and metrology laboratories established and/or strengthened.
- Number of groups of pilot enterprises undertaking training in TQM, ISO 9000, ISO 14000, HACCP.
- Number of regional and national quality and productivity centres established.
- Number of programmes and training courses initiated on enterprise restructuring and upgrading.
- Number of reports on global trends in standardization, conformity assessment, metrology, testing, strengthening of supply capacities and development of productivity.
- Number of printed materials, including training manuals and guidebooks, and business software programmes and packages for the upgrading of business performance developed and disseminated.

Programme C.4: Small Business Development

- Number of countries benefiting from support services for small business development.
- Share of African countries and of LDCs in total delivery of technical cooperation.
- Number of institutions established and/or strengthened for business development services.
- Number of SMEs created and/or expanded and upgraded.
- Quantitative impact on employment, production, productivity, investment and exports.

Programme C.5: Direction and Management

- Number of technical cooperation projects delivered.
- Number of investment projects promoted.
- Number of capacity-building institutions assisted and training courses provided.
- Number of invitations to conferences accepted, external presentations given, cooperative alliances concluded and new projects/programmes initiated.
- Number of learning hours per staff member.

MAJOR PROGRAMME D: CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT

Programme D.1: Agro-Industries

- Number of policy recommendations approved by Governments and industries leading to improved regulatory frameworks at national and/or regional level.
- Number of support institutions and common service facilities established or strengthened and support services provided by the assisted institutions.
- Number of pilot enterprises or clusters of enterprises applying more efficient or environmentally friendly technology or production processes.
- Number of enterprises with improved product ranges supported by up-to-date information and pricing strategy.
- Number of countries or enterprises having introduced new mechanisms for the promotion of local products on international markets, and having achieved increased sales volumes or export earnings.
- Number of technical, managerial and vocational training courses offered and people trained.
- Significant, quantifiable decrease in waste discharges or pollution loads, and evidence of multiplication effect.
- Number of meetings of industrial panels held and number of publications issued and databases developed or maintained.

Programme D.2: Industrial Energy and Kyoto Protocol

- Number of rural energy systems established.
- Degree of locally designed, manufactured or assembled equipment used.
- Number of rural enterprises and other income-generating activities created or strengthened.
- Number of national or international technical standards for energy efficiency applied for institutions and enterprises.
- Number of training programmes held for such enterprises and institutions to meet the required standards.
- Extent of application of methodologies developed for the effective formulation and implementation of projects under the CDM and JI of the Kyoto Protocol. Number of training programmes held to promote those methodologies in institutions and enterprises.
- Number of meetings on issues related to industrial energy and Kyoto Protocol held, or participated in, by UNIDO, and number of studies or issue papers prepared by UNIDO and discussed at those meetings.

Programme D.3: Montreal Protocol

- Compliance with the targets set in the annual business plan of the Montreal Protocol according to performance indicators established by the Executive Committee of the Multilateral Fund regarding ODS phase-out, annual disbursements, number of countries assisted, number of project completion reports submitted, progress of implementation of national and sectoral phase-out plans.

Programme D.4: Environmental Management

- Number of environmental policies and regulatory standards adopted, and increase in environmental supervision and monitoring of industrial plants.
- Number of NCPCs established and number of participants attending CP events and adopting CP methods.
- Number of people accessing BINAS (Biosafety Information Network and Advisory Service) and extension of distance learning course on biosafety.
- Number of participants reached through awareness-building activities on pollution control and waste management.
- Extent of pollutants and waste recovered, recycled, re-used, destroyed and safely disposed of in pilot enterprises or municipalities and extent of dissemination and replication of these results.
- Number of meetings held, or participated in, to coordinate the achievement of global sustainable development objectives, and number of studies or issue papers prepared for those meetings.

Programme D.5: Direction and Management

- Level of technical cooperation delivered.
- Ratio of technical cooperation outputs to human and financial resource inputs.
- Number of capacity-building institutions assisted and training courses provided.
- Number of invitations to conferences accepted, external presentations given, cooperative alliances concluded and new projects/programmes initiated.
- Number of learning hours per staff member.

MAJOR PROGRAMME E: REGIONAL PROGRAMME

Programme E.1: Regional Bureaux

- Number of integrated programmes, stand-alone projects and regional programmes formulated and under implementation.
- Number of regional initiatives developed and under implementation.
- Increase in the quality and quantity of information provided with respect to country or regional issues and trends in industrial development.
- Number of regional newsletters prepared and distributed.
- Number of countries benefiting from regional fora organized by UNIDO.
- Number of initiatives launched in cooperation with other development actors.

Programme E.2: Field Offices

- Number of technical cooperation programmes originated by field offices.
- Volume of funds mobilized by field offices.
- Number of advisory services provided and number of enquiries received and dealt with by field offices.
- Number of partnerships with international organizations and number of memberships of thematic United Nations working groups.

Programme E.3: Funds Mobilization

- Level of net approvals per year under IDF and trust funds.
- Number of strategic partnerships established with individual donors.

Programme E.4: Direction and Management

- Improved performance of the Major Programme.
- Increase in joint endeavours among the field units and increase in active use of field reports.
- Number of investment and technology projects promoted, under negotiation and concluded by ITPO Network.
- Number of content items in the UNIDO Exchange databases and number of potential matches or partnerships brokered through the UNIDO Exchange network.

MAJOR PROGRAMME F: ADMINISTRATION

Programme F.1: Human Resource Management

- The quality and timeliness of the services and organizational support provided to UNIDO management and staff in the field of human resource management.
- Timely recruitment of qualified staff to implement UNIDO's mandate with special emphasis on the number of qualified candidates recruited from under- and non-represented countries and the number of qualified women in the Professional and higher categories.
- Number of management, managerial and IT-related training programmes conducted for UNIDO staff.
- Number of international and national programme/project-related staff appointed.
- Number of participants administered in the social security scheme.

Programme F.2: Financial Services

- Number of unqualified opinions by the External Auditor on the financial statements.
- Availability of resources to meet obligations.
- Better collection rate of assessed contributions.
- Average transaction processing time.
- Optimum return on investments.
- Accuracy and timeliness of information provided.

Programme F.3: General Services

- Percentage of procurement requests processed on time.
- Average length of procurement cycle.
- Percentage of travel requests processed on time.
- Percentage of justified complaints on the catering service remedied in a timely manner to the satisfaction of the customer.

Programme F.4: Legal Services

- Number of cases of legal advice requested and given.
- Number of measures taken in defense of the legal interests of UNIDO.
- Number of treaties and agreements negotiated, prepared, cleared and registered or recorded.
- Number of cases contested before the Administrative Tribunal and proportion of cases won.

Programme F.5: Information Network and Knowledge Management

- Consistent application of the policy guiding systems and application software.
- Number of policies, standards and strategies updated or created.
- Costs saved by moving to client-server systems.
- Number of total systems operating on client-server using Web and Relational Database Management System.
- Number of new systems implemented during the year.
- Number of staff learning hours for new systems.
- Total availability percentage of mainframe, client-server, network and desktop infrastructure.
- Total users of library services in terms of books, journals and online databases, and library reference room visitors.
- Number of help desk enquiries and average help desk response time.
- Total number of publications distributed and revenues earned from sales publications.

Programme F.6: Direction and Management

- Timely delivery of the expected services in strict accordance with the criteria of transparency, cost-effectiveness and quality.
- Feedback from internal and external “clients”.
- Opinion of the internal and external auditors.
- Feedback on clarity and consistency of new administrative procedures, including revised guidelines.
- Reaction of Member States on administrative proposals and new initiatives.
- Time devoted for handling requests both from internal “clients” and Member States.
- Extra time or overtime devoted by staff in handling general and specific matters.
- Close follow-up of work plan of the Division of Administration.
- Number of conflictual cases between staff and management.

MAJOR PROGRAMME G: BUILDINGS MANAGEMENT

Programme G.1: Common Buildings Management

- Cost-effectiveness and timeliness of the various replacement projects.
- Breakdown time of installations.
- Level of savings in the cost of utilities through efficiency measures.

Programme G.2: Joint Buildings Management

- Continued optimization of cost-benefit ratios in the provision of conference services and facilities.