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PROGRAMME AND BUDGETS, 2006-2007*

Revised proposals of the Director-General

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Abbreviations

APCI	African Productive Capacity Initiative
ASHI	after-service health insurance
BDS	business information and development service
BET	best available technology
BMS	Buildings Management Services
BPP	business partnership programme
CAMI	Conference of African Ministers of Industry
CBD	Convention on Biological Diversity
CCA	common country assessment
CDM	Clean Development Mechanism
CFC	chlorofluorocarbon
CO ₂	carbon dioxide
CP	cleaner production
CSF	country service framework
CSO	civil society organization
CSR	corporate social responsibility
CTBTO	Preparatory Commission for the Comprehensive Nuclear Test-Ban Treaty Organization
EAE	environment and energy
EST	environmentally-sound technology
FDI	foreign direct investment
G-77	Group of 77
GBF	Global Biotechnology Forum
GEF	Global Environment Facility
GHG	greenhouse gas
IAEA	International Atomic Energy Agency
ICHET	International Centre for Hydrogen Energy Technologies
ICSC	International Civil Service Commission
ICT	information and communication technology
IDSB	industrial demand-supply balance
INDSTAT	industrial statistics
IP	integrated programme
IPR	intellectual property rights
ISO	International Organization for Standardization
IT	information technology
ITC	International Trade Centre (UNCTAD/WTO)
ITPO	Investment and Technology Promotion Office
LDC	least developed country
LDC III	Third United Nations Conference on the Least Developed Countries
MDG	Millennium Development Goal
MEA	Multilateral Environmental Agreement
MOSS	minimum operating security standards
MRRF	Common Fund for Major Repairs and Replacements
MSME	micro, small or medium enterprise
MTPF	medium-term programme framework
MVA	manufacturing value added
NCPC	National Cleaner Production Centre
NEPAD	New Partnership for Africa's Development
NGO	non-governmental organization
NIP	national implementation plan

OB	operational budget
ODS	ozone-depleting substance
PC	personal computer
POP	persistent organic pollutant
PRSP	Poverty Reduction Strategy Paper
PTS	persistent toxic substance
R and D	research and development
RB	regular budget
RBB	results-based budgeting
RBM	results-based management
RPTC	Regular Programme of Technical Cooperation
SIRM	sustainable industrial resource management
SME	small or medium enterprise
SMTQ	standards, metrology, testing and quality
SPS	sanitary and phytosanitary standard
SPX	subcontracting and partnership exchange
SRA	Special Resources for Africa
TBT	technical barrier to trade
TC	technical cooperation
TCB	trade capacity-building
TRIPS	trade-related intellectual property rights
UD	UNIDO Desk
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention for Climate Change
UNJSPF	United Nations Joint Staff Pension Fund
UNOV	United Nations Office at Vienna
VBO	VIC-based organization
VIC	Vienna International Centre
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 submitted to the Industrial Development Board, through Programme and Budget Committee, the proposed programme and budgets for the biennium 2006-2007 (IDB.30/6-PBC.21/6).
2. Having considered the Director-General's proposal, the Board recommended to the General Conference the approval of estimates of gross expenditure of €154,009,800 to be financed from assessed contributions in the amount of €150,785,600 and other income of €3,224,200 (IDB.30/Dec.7). The Board also requested the Director-General to submit to the Conference revisions to the original proposal.
3. **The present document constitutes the Director-General's revised programme and budget proposals for the biennium 2006-2007 in accordance with the Board decision. A summary of the proposed adjustments to arrive at the level of regular budget expenditures determined by the Board is included at the end of the executive summary on paragraph 69.**

I. FORMAT AND PRESENTATION

4. The present document follows the overall format introduced in the programme and budget document 1998-1999, and continued in subsequent bienniums to 2004-2005. However, in an effort to move closer towards the formulation of a fully programmatic budget, the programmes are presented in a thematic manner. In addition, as a significant further step towards the introduction of a results-based budgeting approach initiated in the programme and budgets for 2004-2005, all programme components are provided with clear objectives, expected outcomes and corresponding performance indicators, and proposed outputs. The principles of results-based management (RBM) are explained in detail in a separate chapter.

Structure of major programmes

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

Major Programme A	Governing Bodies
Major Programme B	General Management
Major Programme C	Energy and Environment
Major Programme D	Trade Capacity-Building
Major Programme E	Poverty Reduction through Productive Activities
Major Programme F	Cross-Cutting Programmes
Major Programme G	Administration
Major Programme H	Buildings Management
Major Programme I	Indirect Costs

6. Major Programmes A and B continue to serve the requirements of the governing bodies and the general management of UNIDO. Major Programmes G and H relate to the various elements of the Organization's administration and management of the Vienna International Centre (VIC) complex, respectively. Major Programme I identifies and shows separately all indirect costs and common services in which UNIDO participates.

7. The substantive services provided by UNIDO to its beneficiary countries are covered in Major Programmes C to F. Of these, the first three cover specific areas of emphasis in accordance with UNIDO's mandate and the development priorities of the global community, especially the Millennium Development

Goals (MDGs), the Doha Development Agenda, and various multilateral environmental agreements. The fourth relates to a range of cross-cutting activities to complement and support the various services offered in the preceding three major programmes. All of these programmes are presented in a thematic manner, and include services provided by several organizational units of UNIDO. The management costs of these major programmes have been allocated between them.

Programme structure

8. The structure of the individual programmes and programme components within the major programmes has been significantly revised from those of previous programme and budget documents in line with the move towards thematic and results-based budgeting. While programmes related to the provision of internal support services for the Organization, covered in Major Programmes A, B, G, H and I, have remained largely unchanged from those presented in the programme and budgets for the biennium 2004-2005, the programmes related to the provision of substantive technical and global forum services to the beneficiary States have been substantially altered to fit into the thematic framework selected for Major Programmes C to F. A detailed summary of the programmes and programme components covered in these two sets of major programmes is given below.

9. Major Programme A retains its two traditional programmes related to the organization of meetings of the governing bodies and providing a Secretariat for the Governing Bodies. Major Programme B contains only two programmes covering executive direction and management provided by the Office of the Director-General, and the accountability, oversight, internal audit and evaluation services provided by the Office of the Comptroller General. Major Programme G provides a number of specific programmes to meet the full range of administrative needs of UNIDO, including human resource management, financial services, procurement and logistical services (formerly referred to as General Services), legal services, and information and knowledge management, as well as the overall direction and management of these services. Major Programme H continues to incorporate two programmes, common buildings management and joint buildings management, which are largely distinguished by their source of funding, with the former being funded jointly by all VIC-based organizations and the latter only by UNOV, UNIDO and CTBTO. Major Programme I, finally, includes only one programme related to UNIDO's contribution to shared services and other indirect costs.

10. Of the four substantive Major Programmes, C to F, only Major Programme F has retained a subsidiary programme structure, since it covers a range of cross-cutting initiatives. These comprise special initiatives (such as emerging technologies, human security and post-crisis rehabilitation, and UNIDO partnerships with civil society organizations), industrial policy and research, regional policy and field operating costs, all of which are covered by separate programmes. By contrast, Major Programmes C to E, providing specialized services to meet developmental needs associated with energy and environment, trade capacity-building and poverty reduction through productive activities, have been treated in an integrated manner as single programmes to maximize the synergies of the component services provided by various organizational units of UNIDO. As indicated above, the costs of direction and management associated with these substantive major programmes have been allocated between them.

II. PROGRAMME FRAMEWORK

The UNIDO mandate and strategy

11. UNIDO derives its mandate for supporting the industrial development of developing countries and countries with economies in transition from its Constitution and a number of policy documents approved by the governing bodies of the Organization, including the Business Plan on the Future Role and Functions of UNIDO, endorsed by the General Conference in resolution GC.7/Res.1, and the Strategic Guidelines "Towards improved UNIDO programme delivery" adopted by the Industrial Development Board in decision IDB.26/Dec.7. Based on the guidance given in these documents, UNIDO has formulated a corporate strategy

governing its developmental interventions, which is focused on the concept of productivity enhancement for social advance. This corporate strategy 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 to raise their productivity levels and develop a competitive economy, generate diversified and productive employment opportunities, and promote environmentally sustainable industrial development. It formed the basis of the medium-term programme framework, 2004-2007, which identifies a number of areas of emphasis and priority services for UNIDO for the period under consideration. The formulation of the programme and budgets for the biennium 2006-2007 has been guided by this mandate and strategy.

International development targets

12. In preparing the programmatic framework of the programme and budgets for the biennium 2006-2007, UNIDO has also given great care to ensure that its services will be consistent with the need to meet the developmental targets established by the international community. Of these, the MDGs, emanating from the United Nations Millennium Declaration, adopted by all 189 Member States of the United Nations on 8 September 2000, remain the most important. Consequently, the programmatic activities of UNIDO during the biennium 2006-2007 will continue to 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).

13. While the MDGs will constitute the principal determinants of UNIDO's programmatic framework in 2006-2007, 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 Social 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 WTO Ministerial Conference at Doha from 9 to 13 November 2001, to facilitate trade participation by developing countries, while the rural energy initiative is fully in accordance with the objectives 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 continue to be guided by such international agreements as the Montreal Protocol, the Stockholm Convention on Persistent Organic Pollutants, and the United Nations Framework Convention on Climate Change.

14. The selection of the thematic areas of intervention covered in Major Programmes C to E, supported by the cross-cutting programmes covered in Major Programme F, can be explained directly with reference to these international developmental objectives, bearing in mind UNIDO's own mandate, expertise and experience.

Resource constraints

15. These UNIDO efforts in support of the international development agenda proposed in the programme and budgets for the biennium 2006-2007 will have to be undertaken with the very limited resources at the disposal of the Organization. The programme and budgets for 2006-2007 are presented at zero real growth scenario for the regular budget, however, absorbing substantially the additional resources necessary for security-related requirements. A negative growth scenario prevails also for the operational budget. Under these circumstances, the Organization will continue to provide its services in a focused, prioritized and

integrated manner in order to maximize value for money.

16. In this connection, it is important to consider the relationship between the regular budget, operational budget and technical cooperation delivery/expenditure.

(a) The regular budget is funded primarily from assessed contributions, 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 that varies from 5 to 13 per cent to the donor to partially reimburse UNIDO for its implementation services rendered. These resources are used for supporting technical cooperation activities.

17. Although UNIDO's technical cooperation delivery is expected to grow further, the Organization's support cost income is declining as a result of an unfavourable euro/dollar exchange rate and ever-increasing donor demands for a significant reduction in support costs to be paid to the Organization for its services. Since such donor policies do not reduce UNIDO's actual support cost requirements for project delivery, these costs need to be covered, to an increasingly greater extent, by the regular budget. As the value added provided by UNIDO is in direct relation 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.

18. In light of the constraints in the regular budget, it becomes critical for Member States to increase their voluntary contributions to ensure UNIDO's continued ability to provide them with the services they require.

Delivery mechanisms

19. The approach evolved over the past seven years to combine individual technical cooperation interventions from a varied set of service modules into an integrated programme of services at the country level 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.

20. 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. Since the late 1990s, these service modules have increasingly been 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. As of December 2004, UNIDO had launched 70 integrated programmes for a total value of almost \$380.9 million. In addition, a regional programme for Latin America with a value of \$5.4 million had also been initiated.

21. While the essentially country-focused integrated programmes will continue to be the main modality for the delivery of UNIDO's technical cooperation services, initiatives have also been taken to address issues with a broader regional or global relevance. Such initiatives have been developed, especially in areas where potential sources of additional funding for such activities have been identified, in line with the need to increase UNIDO's operational budget resources as noted above. These initiatives include the ones on trade facilitation and rural energy launched at the Monterrey and Johannesburg conferences, and the initiative on human security and post-crisis rehabilitation.

Global forum activities

22. In addition to its technical cooperation services, UNIDO is also mandated to engage in a number of global forum activities. These two types of activities are closely integrated with each other: The knowledge gained from the global forum activities is fed back into the design of technical cooperation programmes and projects, while the lessons learned from the latter are disseminated through global forum activities.

Partnership

23. 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 Millennium Development Goals. UNIDO will actively participate in system-wide efforts to combat poverty through the ACC High-Level Committee on Programmes, the United Nations Development Group, and key United Nations summit meetings, and will contribute to UNDAF and country development frameworks. To the extent possible, UNIDO will also continue to establish joint programmes with other organizations in pursuit of specific development objectives, as in the case of the agreements signed with WTO at Cancun in September 2003 to cooperate in trade capacity-building, and with UNDP in New York in September 2004 to cooperate in private sector development. Finally, UNIDO will continue to expand its research activities through its action-oriented university research partnership programme.

Funds mobilization

24. 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, the funds mobilization function has been integrated into the three main Major Programmes providing substantive technical services (Major Programmes C to E). This function will be aimed at attracting and optimally programming the extrabudgetary resources required for the technical cooperation programmes and projects of UNIDO.

25. These required financial resources are to be mobilized from current and potential donors and sources of funds in consultation and cooperation with other UNIDO staff depending on the source of funds. The resource mobilization function will involve the following activities in particular:

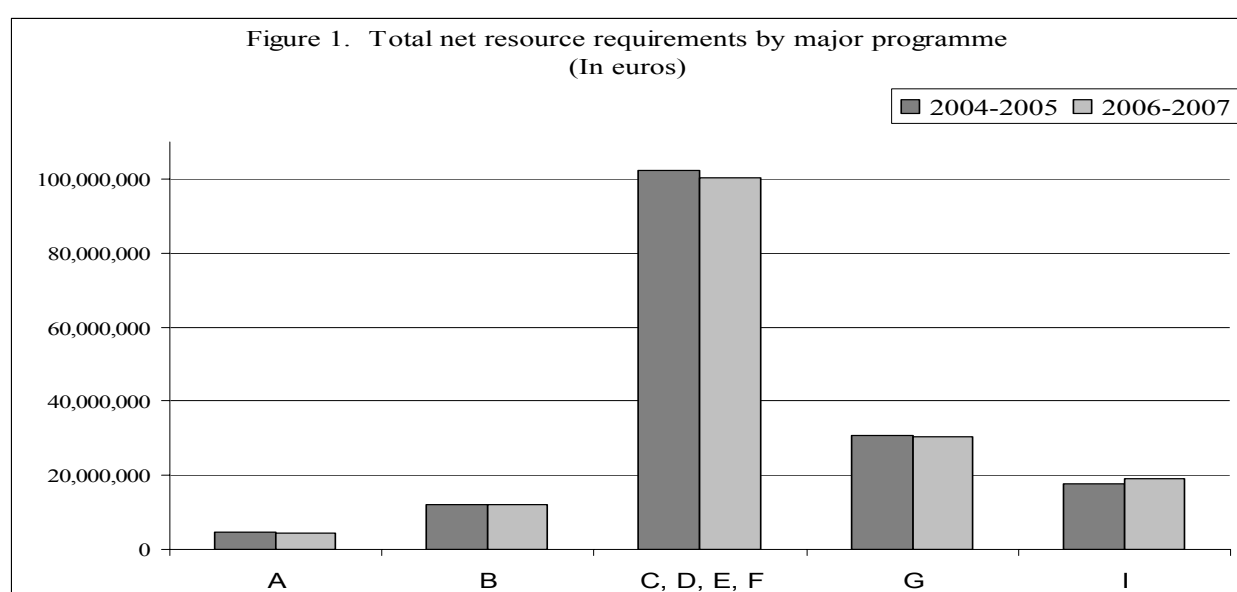
- (a) The development and management of thematic partnerships in respect of UNIDO activities and initiatives between UNIDO on the one hand, and donors and other relevant organizations on the other;
- (b) The coordination of overall mobilization of financial and other resources for UNIDO activities from all potential sources of funds; and
- (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

26. Based on the positive results achieved in the biennium 2004-2005, a separate programme will be retained for ensuring that internal control mechanisms of UNIDO 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. This Programme, B.2, covers the functions of the Comptroller General, internal audit and evaluation services. It will have overall responsibility for the following main functions: (a) internal oversight; (b) programme/project evaluation; (c) provision of advice on financial and programmatic issues; and (d) programme policy monitoring.

Comparison with the previous biennium by major programmes

27. The comparison between the current biennium and the estimated requirements for the biennium 2006-2007 is based on 2004-2005 cost levels, as explained below. On account of the increases for security-related requirements 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 €84,510 caused by the strengthening of Programme B.2 (Comptroller General, Internal Audit and Evaluation Services) and Major Programme I (Indirect Costs), which incorporates the total increase of €1,550,100 under security-related expenses, partly compensated by reductions in other indirect costs and hence growing by €1,208,611. Lastly, Major Programme H (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. Other increases in Major Programme H relate to the implementation work for the security enhancement programme implemented under the guidance of the Security and Safety Services of UNOV.



Major Programmes A and B

28. The resource level of Major Programme A (Governing Bodies) has been reduced in overall terms. Savings arising from lower translation and reproduction costs for documents of the policy-making organs have been partly offset by increased staffing levels of the Secretariat of the Policy-making Organs.

29. As indicated above, the total resources required for Major Programme B (General Management) are budgeted to increase by 1 per cent. This increase represents a net change arising from a 6 per cent decline in Programme B.1 (Executive Direction and Management), reflecting continued efficiencies in the Office of the Director-General, and a 17 per cent increase in Programme B.2 (Comptroller General, Internal Audit and Evaluation Services), reflecting the increased priority accorded to these important management issues by Member States, donors and the External Auditor.

Major Programmes C, D, E and F

30. These Major Programmes are new in the biennium 2006-2007 and therefore cannot be compared with any of the individual major programmes in the biennium 2004-2005. However, since these new major programmes relate to the provision of substantive technical and global forum services to the beneficiary States, their combined resources are comparable with the total of Major Programmes C, D and E of the programme and budgets, 2004-2005. Accordingly, these Major Programmes together show a reduction of

2 per cent or by €1,885,600, if compared with the biennium 2004-2005. This reduction is mostly linked to reduced resources required for the field network, including the Regional Bureaux at Headquarters. In the biennium 2004-2005, these entities had a budget level of €33,712,700, while the present proposal amounts to €31,413,900. Field operating costs have been reduced by €1,147,800 and the new staffing structure resulted in lower staff costs.

Major Programme G

31. Resources for Major Programme G (Administration) have been reduced by €498,100 or 2 per cent. This reduction came about by a 10 per cent resource decrease in the area of procurement and logistics, resulting from a reformed management structure. Furthermore, information technology resources have been reduced by 5 per cent through a slower equipment replacement plan. The savings have been partially needed to strengthen Programme G.1 (Human Resource Management), so as to comply with recommendations received from the External Auditor (6 per cent) and Programme G.2 (Financial Services) for its strengthened management structure (5 per cent). Minor variations occurred in other component programmes of Major Programme G (Administration).

Major Programme H

32. Following the methodology adopted in the programme and budgets for the biennium 2002-2003, Major Programme H (Buildings Management) remains a separate, self-balancing Major Programme. This Major Programme covers the cost of routine operation, maintenance, repair and replacement of the buildings and related installations, and equipment of the VIC complex, as well as the cost of rising demand for the maintenance and replacement of original and added installations. With these costs arising 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 12 per cent, which includes cost elements to be fully reimbursed by the Austrian Government or other external parties. As a result of increased cost recoveries from such other parties in relation to the asbestos removal work implemented by the Austrian authorities and due to the separate financing of the security enhancement-related work carried out by this Major Programme, as well as the withdrawal of €1.4 million from the special account. The contribution of UNIDO to the normally cost-shared activities of Buildings Management is decreased by 14 per cent or €1,108,700.

Major Programme I

33. Major Programme I (Indirect Costs) presents all UNIDO costs related to inter-agency common and joint services such as the United Nations Chief Executives Board, International Civil Service Commission, Joint Inspection Unit, Inter-organizational Security Measures and the Administrative Tribunal that are shared by organizations of the United Nations system, and those housed at the Vienna International Centre, such as those for buildings management, medical, security and safety, language and documentation services, language training and garage administration. The total amount budgeted for Major Programme I has been increased by approximately 7 per cent, as a result of a substantial increase in UNIDO's contribution to the Security and Safety Services managed by UNOV.

34. As a new element, UNIDO's contribution to the language and documentation services (UNOV) has been added to this Major Programme. Further details are included in the chapter entitled "Budget Framework".

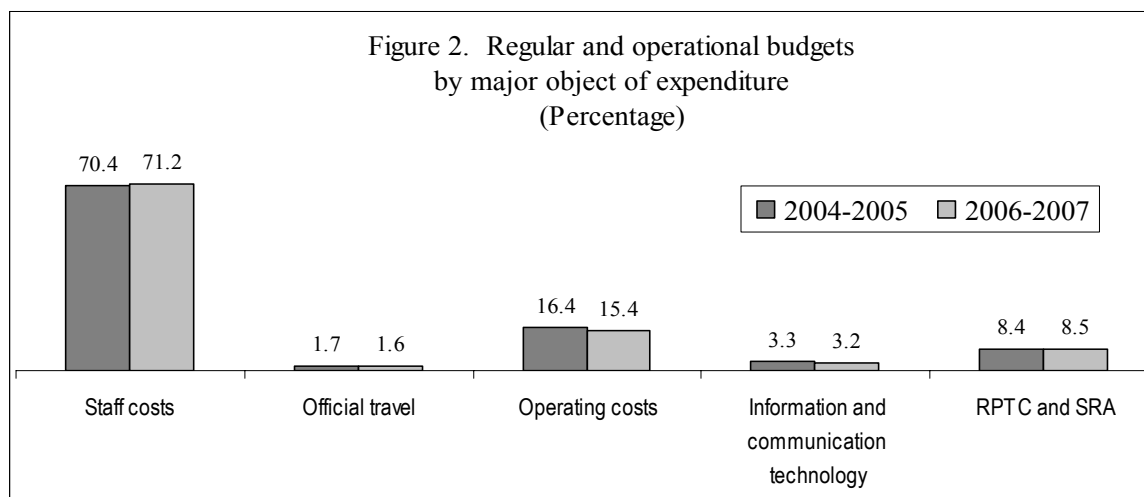
RPTC and Special Resources for Africa

35. As in the biennium 2004-2005, the entire volume of the funds dedicated to the Regular Programme of Technical Cooperation will be freely programmable in 2006-2007. In accordance with the priority accorded to Africa by the international development agenda and by UNIDO itself, however, it has been decided to retain the Special Resources for Africa (SRA) as a separate budget line to fund programme activities in Africa. This will be funded at the same level as in the 2004-2005 biennium. Programmatic details are

provided in a separate chapter entitled “Special Resources for Africa” towards the end of the present document.

Changes by major object of expenditure

36. 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

37. The total number of posts has been increased by 14. Details of the composition of posts are presented in table 5 and annex C.

38. There has been an increase of two at the Director-level; both of these posts are required to standardize the level of the head of the regional office in two field offices. One additional Director-level post has been created in Major Programme H (Buildings Management), necessitated by the increased complexities of that operation. The number of P-5 posts has been increased by 1, whereas the number of P-4 and PS-level posts has been reduced by 5. At the same time, there are 25 newly-established national programme officer posts in the field offices, and thus the total increase in Professional posts amounts to 23. The number of posts in the General Service category has been reduced by nine.

Operating costs

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

III. BUDGET FRAMEWORK

Financing of the regular budget

40. The following analysis is presented at 2006-2007 costs, i.e. including the element of revaluation and recosting.

41. Total gross expenditures under the regular budget (€154,009,900) are reduced by an anticipated income (€3,224,200), and the resulting net requirements (€150,785,600) are financed by assessed

contributions payable by Member States.

42. Estimated income falls under two categories: (a) cost reimbursement for 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 higher level than in the previous biennium, since investment returns are predicted to be more favourable than in 2004-2005. Cost reimbursement for field offices has been calculated on a more conservative basis, closer to actual data for 2004.

Financing of the operational budget

43. Total gross expenditures under the operational budget (€20,174,920) are similarly reduced by income (€315,200). The resulting net requirements (€19,859,720) 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). The 2004-2005 technical cooperation delivery estimates were originally calculated on the basis of US\$ 1 = €1.0725. Revalued to the exchange rate applied in the present document (US\$ 1 = €0.8103), the 2004-2005 delivery estimates amount to €143.4 million. The projected level for 2006-2007 amounts to €185.1 million.

44. The estimated level of support cost income shows a reduction when compared with estimates for the previous biennium. Apart from the declining reimbursement rates, the euro/dollar exchange rate was unfavourable for the operational budget during 2003 and 2004, resulting in a lower support cost income in the euro currency, despite an increasing volume of technical cooperation delivery.

45. Miscellaneous 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

46. Similar to the practice introduced in the programme and budgets for the biennium 1998-1999 and followed ever 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 services.

47. The total estimated level of technical cooperation in the biennium 2006-2007 amounts to €185,127,000 (excluding RPTC). This represents an increase over the estimated level applied for the biennium 2004-2005 (€143,365,453 after revaluation at US\$ 1 = €0.8103).

Development of budget estimates

48. 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 2006-2007 are shown at the same cost levels as the biennial budget for 2004-2005. The budget estimates for the biennium 2006-2007 are then adjusted (recosted) to take into account the impact of inflation and other cost adjustments.

49. For the development of the budgetary estimates for the biennium 2006-2007, the following elements have been taken into consideration:

- (a) Approved budgets for 2004-2005;
- (b) Adjustments to the approved 2004-2005 budgets to allow comparison;
- (c) Resource requirements for 2006-2007 at 2004-2005 rates;
- (d) Inflation and other cost adjustments.

Approved budgets for 2004-2005 as the budget base

50. The programme and budgets for the biennium 2004-2005, as contained in document IDB.27/3-PBC.19/3 and approved by the General Conference in decision GC.10/Dec.17, paragraph (a), detailed the resource requirements to implement the programmes of the Organization for the biennium 2004-2005. In line with that document, the budgets for the biennium 2004-2005 represent, under the regular budget, a net amount of €144,295,800 and €21,512,370 under the operational budget.

51. The General Conference, in decision GC.10/Dec.17, paragraph (b), approved an amount of €142,000,000 as the level of assessed contributions for 2004-2005, without, however, specifying under which programmes or objects of expenditure cost savings should take place.

52. In order to allow comparison at both the programme and objects of expenditure levels, the resource levels, as presented and approved in document IDB.27/3-PBC.19/3, have been used as the budget base for the resource requirements for 2006-2007.

Adjustments to the budget base

53. The budget base has been adjusted to reflect the changes in the programmatic structure as summarized earlier and hence allows for a meaningful, albeit in some areas limited, comparison of resource requirements for 2006-2007 with those of 2004-2005.

54. Furthermore, the base has been adjusted to reflect the concept of separating the costs of the language and documentation services. In order to increase the clarity of the budget presentation in respect of separating costs that are not directly linked to the delivery of any given programme, this charge has now been established as an individual item under indirect costs and both the budget base and the resource requirements have been adjusted accordingly.

Resource requirements for 2006-2007 at 2004-2005 rates

55. The net regular budget estimates for the biennium 2006-2007 of €144,892,544 represent a 0.4 per cent increase of resources over that of 2004-2005, when compared using the same cost levels. The increased net requirements of €596,744 are exclusively related to the recurring costs of the various phases of security enhancements approved by the United Nations General Assembly—most prominently, UNIDO's share of the newly-established additional security officer posts managed by UNOV. The total increase of €1,550,100 towards security costs have been partially offset by reductions in other programmes.

56. The net operational budget estimates of €19,216,920 represent a net reduction of €2,295,450, or 10.7 per cent in real terms, i.e. at 2004-2005 cost levels. This reduction became necessary in order to reflect the loss of purchasing power of the support cost income earned in United States dollars, due to the unfavourable euro/dollar rate of exchange experienced during 2004. Furthermore, the overall support cost reimbursement rate is declining for reasons mentioned earlier.

57. The vacancy factors assumed in the budgets for the biennium 2006-2007 remained the same as in the budgets for 2004-2005, i.e. 5 per cent for Professional-level and 3 per cent for General Service-level posts. 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

58. The application of inflation and other cost adjustments to the 2006-2007 estimates (expressed at 2004-2005 rates) results in a recosting of these estimates to 2006-2007 rates.

59. This process consists of two steps. First, the resource requirements expressed at 2004-2005 rates are

recosted to reflect the actual cost structures of 2004-2005. In the second step, the requirements are further adjusted in line with expected cost increases for 2006 and 2007.

60. The increase in financial requirements for 2006-2007 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.

61. Projections have been made to standard salary costs for the biennium 2006-2007 as per the category of duty stations reflecting the following anticipated cost increases.

62. In Vienna, for Professional-level salaries, the expected outcome of the place-to-place cost-of-living survey, to be conducted by the International Civil Service Commission (a body reporting to the United Nations General Assembly) in October 2005, has been taken into account with an implementation date of June 2006. The impact of the expected revision of the post adjustment factor for Vienna amounts to 4.0 and 5.8 per cent for 2006 and 2007, respectively. In addition, a provision of 0.8 per cent per annum for in-grade increments and merit promotions has been made. As reference, the last cost-of-living survey in October 2000 resulted in an increase in net Professional salaries by 9.73 per cent with effect from 1 June 2001. In other duty stations, estimates for salary increases have been calculated on the basis of projected consumer price increases.

63. For General Service staff in Vienna, the salary increase is projected at a level of 2.2 per cent per annum, comprising an average increase of 1.4 per cent as a result of average consumer price and wage index increases and 0.8 per cent due to in-grade increments and merit promotions. Similar to the Professional category, estimates for salary increases in other duty stations have been calculated on the basis of projected consumer price increases.

64. The level of common staff costs for all duty stations has been set at an average 56.5 per cent of net Professional salaries and 32.3 per cent of General Service salaries for 2006-2007.

65. 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.

66. The average rate for net cost increases in the biennium 2006-2007 is 2 per cent per annum. Under the regular budget, the net amount required for recosting is €5,893,056.

Budgeting for non-euro expenditures

67. The Organization prepares and presents its budget in one currency only, i.e. the euro. However, some 10 to 15 per cent of expenditures remain in other currencies, mainly in United States dollars. In order to estimate the required budgetary amounts in euros, the January to December 2004 average United Nations euro/dollar exchange rate, i.e. €1 = US\$ 1.2341, 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

68. In accordance with Industrial Development Board decision IDB.4/Dec.29, all outstanding payments have been made to the United Nations during the biennium 2004-2005 in repayment of the United Nations loan provided at the time UNIDO became a specialized agency. Accordingly, 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.

Revision to document IDB.30/6-PBC.21/6

69. The Director-General has incorporated the following measures into the present programme and budget proposal in order to achieve the level of regular budget expenditures prescribed in decision IDB.30/Dec.7. The figures are expressed at 2006-2007 cost levels.

- (a) An amount of €1.5 million will be withdrawn from the special account for Buildings Management and thus UNIDO's contribution from the 2006-2007 regular budget will be reduced by €247,020. The Buildings Management programme will be delivered as originally planned, however, partially financed from the special account;
- (b) The access control system, which was planned by UNOV as part of the security enhancements programme, was not approved by UNIDO's Member States. Accordingly, UNIDO's share of the recurring costs for the operation and maintenance of this system, i.e. €43,513, has been removed from the planned contributions to the budget of the common security service;
- (c) The provision for translation services for policy-making organs meetings has been reduced by €300,000. The Secretariat will strive for producing more concise documentation for sessions;
- (d) The replacement cycle of office automation equipment will be slowed down so as to allow a reduction of €282,867 as compared to the original plan;
- (e) In Programme B.2 — Comptroller General, Internal Audit and Evaluation Services, one new Professional post at the PS level, costing €217,000, has been cancelled;
- (f) In order to comply with the constitutional provision of having 6 per cent of the net regular budget available for RPTC, the original provision has been reduced by €68,871;
- (g) The production of a new document with the above adjustments, both at 2004-2005 and 2006-2007 cost levels, resulted in immaterial variations of a technical nature in items that were not directly affected by the above adjustments. However, the regular budget gross expenditure at the level of €154,009,800 for the biennium 2006-2007 has been captured at a level of detail that will allow a proper comparison with proposals for the biennium 2008-2009 in accordance with decision IDB.30/Dec.7, paragraph (e).

Table 1

Summary of budget estimates by major programme for 2006-2007
for total operations

(In euros, at 2006-2007 costs)

Major Programme	Regular budget (net)	Operational budget (net)	Technical cooperation (extrabudgetary)	Total net estimates	Percent of total estimates
A. Governing Bodies	4,554,090			4,554,090	1.3%
B. General Management	12,666,770			12,666,770	3.5%
C. Energy and Environment	19,683,053	3,089,410	112,993,000	135,765,463	38.0%
D. Trade Capacity-Building	20,866,118	4,641,675	39,678,000	65,185,793	18.2%
E. Poverty Reduction through Productive Activities	18,577,090	2,638,425	20,045,000	41,260,515	11.5%
F. Cross-Cutting Programmes	29,543,748	5,219,810	12,411,000	47,174,558	13.2%
G. Administration	26,568,260	4,585,600		31,153,860	8.7%
H. Buildings Management					0.0%
I. Indirect Costs	19,864,871			19,864,871	5.6%
Miscellaneous Income	(1,538,400)	(315,200)		(1,853,600)	
Total net requirements	150,785,600	19,859,720	185,127,000	355,772,320	100.0%

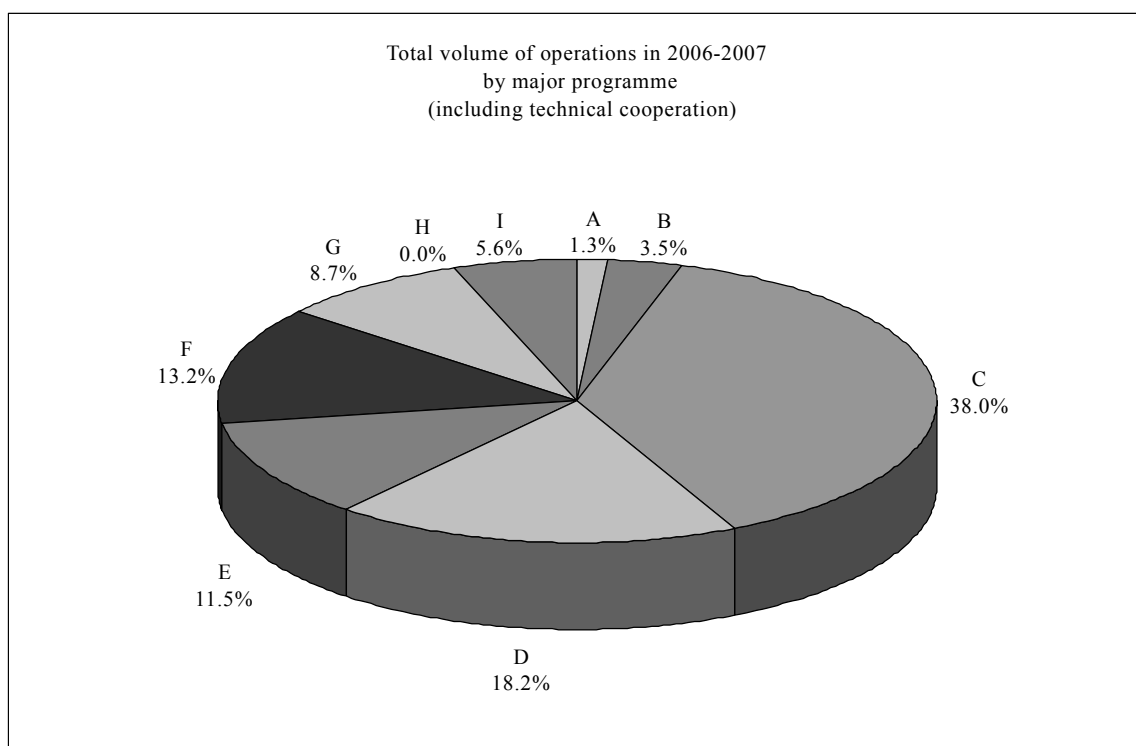


Table 2(a)

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

	2004-2005 approved budget a/ 1	2006-2007 resource growth at 2004-2005 rates 2	2006-2007 resource requirements at 2004-2005 rates 3	Recosting to 2006-2007 rates 4	2006-2007 resource requirements at 2006-2007 rates 5
<u>Regular budget</u>					
Expenditures	147,309,100	650,844	147,959,944	6,049,956	154,009,900
Income	(3,013,300)	(54,100)	(3,067,400)	(156,900)	(3,224,300)
Net requirements	144,295,800	596,744	144,892,544	5,893,056	150,785,600
<u>Operational budget</u>					
Expenditures	21,826,870	(2,294,750)	19,532,120	642,800	20,174,920
Income	(314,500)	(700)	(315,200)		(315,200)
Net requirements	21,512,370	(2,295,450)	19,216,920	642,800	19,859,720
Total regular and operational budgets	165,808,170	(1,698,706)	164,109,464	6,535,856	170,645,320
Rate of real growth (net)					
Regular budget		0.4%			
Operational budget		(10.7%)			
Combined		(1.0%)			

a/ Reflects budget adjustments to the base.

Table 2(b)

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

	2004-2005 Delivery	Support cost income	2004-2005 Delivery (revalued a/)	2006-2007 b/ Delivery	Support cost income
UNDP - Main programme	6,649,500	664,900	5,023,860	8,973,000	897,300
Industrial Development Fund	38,181,000	4,581,700	28,846,680	25,110,000	3,264,300
Montreal Protocol	59,846,000	8,304,400	45,215,118	49,590,000	6,398,100
Global Environment Facility	40,326,000	3,226,100	30,467,280	42,490,000	3,186,700
Trust funds and others	44,753,700	4,199,100	33,812,516	58,964,000	5,588,000
Technical Services		536,200			525,120
Total	189,756,200	21,512,400	143,365,453	185,127,000	19,859,520

a/ Original estimate revalued with US\$ 1 = €0.8103, the January to December 2004 average United Nations exchange rate.

b/ Calculated with US\$ 1 = €0.8103, the January to December 2004 average United Nations exchange rate.

Table 3

Proposed expenditure and income
by major programme for 2006-2007 with comparative data for 2004-2005
(In euros)

Major Programme	2004-2005 approved budget a/ 1	2006-2007 resource growth at 2004-2005 rates 2	2006-2007 resource requirements at 2004-2005 rates 3	Recosting to 2006-2007 rates 4	2006-2007 resource requirements at 2006-2007 rates 5
<u>I. Regular and operational budgets</u>					
A. Governing Bodies	4,579,950	(276,360)	4,303,590	250,500	4,554,090
Net requirements	4,579,950	(276,360)	4,303,590	250,500	4,554,090
B. General Management	11,878,060	84,510	11,962,570	704,200	12,666,770
C. Energy and Environment			22,200,142	725,221	22,925,363
Income			(138,700)	(14,200)	(152,900)
Net requirements			22,061,442	711,021	22,772,463
D. Trade Capacity-Building			24,739,384	883,109	25,622,493
Income			(104,000)	(10,700)	(114,700)
Net requirements			24,635,384	872,409	25,507,793
E. Poverty Reduction through Productive Activities			20,693,588	579,827	21,273,415
Income			(52,500)	(5,400)	(57,900)
Net requirements			20,641,088	574,427	21,215,515
F. Cross-Cutting Programmes			34,345,459	1,778,499	36,123,958
Income			(1,233,800)	(126,600)	(1,360,400)
Net requirements			33,111,659	1,651,899	34,763,558
X. Comparative base for C, D, E and F	104,141,240				
Income	(1,806,000)				
Net requirements	102,335,240				
Subtotal C, D, E and F	102,335,240	(1,885,667)	100,449,573	3,809,756	104,259,329
G. Administration	30,808,360	(498,000)	30,310,360	843,500	31,153,860
H. Buildings Management	47,870,130	5,872,090	53,742,220	3,421,500	57,163,720
Income	(47,870,130)	(5,872,090)	(53,742,220)	(3,421,500)	(57,163,720)
Net requirements					
I. Indirect Costs	17,728,360	1,208,611	18,936,971	927,900	19,864,871
Miscellaneous Income	(1,521,800)	(331,800)	(1,853,600)		(1,853,600)
Total regular and operational budgets	165,808,170	(1,698,706)	164,109,464	6,535,856	170,645,320

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Table 3 (continued)

Proposed expenditure and income
by major programme for 2006-2007 with comparative data for 2004-2005
(In euros)

Major Programme	2004-2005 approved budget a/ 1	2006-2007 resource growth at 2004-2005 rates 2	2006-2007 resource requirements at 2004-2005 rates 3	Recosting to 2006-2007 rates 4	2006-2007 resource requirements at 2006-2007 rates 5
2. Regular budget					
A. Governing Bodies	4,579,950	(276,360)	4,303,590	250,500	4,554,090
Net requirements	4,579,950	(276,360)	4,303,590	250,500	4,554,090
B. General Management	11,758,960	203,610	11,962,570	704,200	12,666,770
C. Energy and Environment			19,192,212	643,741	19,835,953
Income			(138,700)	(14,200)	(152,900)
Net requirements			19,053,512	629,541	19,683,053
D. Trade Capacity-Building			20,242,224	738,594	20,980,818
Income			(104,000)	(10,700)	(114,700)
Net requirements			20,138,224	727,894	20,866,118
E. Poverty Reduction through Productive Activities			18,129,103	505,887	18,634,990
Income			(52,500)	(5,400)	(57,900)
Net requirements			18,076,603	500,487	18,577,090
F. Cross-Cutting Programmes			29,381,114	1,523,034	30,904,148
Income			(1,233,800)	(126,600)	(1,360,400)
Net requirements			28,147,314	1,396,434	29,543,748
X. Comparative base for C, D, E and F	87,136,770				
Income	(1,618,500)				
Net requirements	85,518,270				
Subtotal C, D, E and F	85,518,270	(102,617)	85,415,653	3,254,356	88,670,009
G. Administration	26,105,060	(292,900)	25,812,160	756,100	26,568,260
H. Buildings Management	47,870,130	5,872,090	53,742,220	3,421,500	57,163,720
Income	(47,870,130)	(5,872,090)	(53,742,220)	(3,421,500)	(57,163,720)
Net requirements					
I. Indirect Costs	17,728,360	1,208,611	18,936,971	927,900	19,864,871
Miscellaneous Income	(1,394,800)	(143,600)	(1,538,400)		(1,538,400)
Total regular budget	144,295,800	596,744	144,892,544	5,893,056	150,785,600

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Table 3 (continued)

Proposed expenditure and income
by major programme for 2006-2007 with comparative data for 2004-2005
(In euros)

Major Programme	2004-2005 approved budget a/ 1	2006-2007 resource growth at 2004-2005 rates 2	2006-2007 resource requirements at 2004-2005 rates 3	Recosting to 2006-2007 rates 4	2006-2007 resource requirements at 2006-2007 rates 5
3. Operational budget					
Net requirements					
B. General Management	119,100	(119,100)			
C. Energy and Environment			3,007,930	81,480	3,089,410
Net requirements			3,007,930	81,480	3,089,410
D. Trade Capacity-Building			4,497,160	144,515	4,641,675
Net requirements			4,497,160	144,515	4,641,675
E. Poverty Reduction through Productive Activities			2,564,485	73,940	2,638,425
Net requirements			2,564,485	73,940	2,638,425
F. Cross-Cutting Programmes			4,964,345	255,465	5,219,810
Net requirements			4,964,345	255,465	5,219,810
X. Comparative base for C, D, E and F	17,004,470				
Income	(187,500)				
Net requirements	16,816,970				
Subtotal C, D, E and F	16,816,970	(1,783,050)	15,033,920	555,400	15,589,320
G. Administration	4,703,300	(205,100)	4,498,200	87,400	4,585,600
Net requirements					
Miscellaneous Income	(127,000)	(188,200)	(315,200)		(315,200)
Total operational budget	21,512,370	(2,295,450)	19,216,920	642,800	19,859,720

a/ Reflects budget adjustments to the base.

Table 4

Proposed expenditure and income
by major object of expenditure for 2006-2007 with comparative data for 2004-2005
(Excluding Major Programme H, Buildings Management)
(In euros)

Major object of expenditure	2004-2005 approved budget a/ 1	2006-2007 resource growth at 2004-2005 rates 2	2006-2007 resource requirements at 2004-2005 rates 3	Recosting to 2006-2007 rates 4	2006-2007 resource requirements at 2006-2007 rates 5
1. Regular and operational budgets					
1 Staff costs	118,841,920	588,000	119,429,920	4,261,700	123,691,620
2 Official travel	2,793,400	(95,050)	2,698,350	149,400	2,847,750
3 Operating costs	27,656,150	(1,906,279)	25,749,871	1,715,600	27,465,471
4 Information and communication technology	5,654,700	(266,350)	5,388,350	211,800	5,600,150
5 RPTC and Special Resources for Africa	14,189,800	35,773	14,225,573	354,256	14,579,829
Income	(3,327,800)	(54,800)	(3,382,600)	(156,900)	(3,539,500)
Total net regular and operational budgets	165,808,170	(1,698,706)	164,109,464	6,535,856	170,645,320
2. Regular budget					
1 Staff costs	98,335,120	2,063,800	100,398,920	3,651,200	104,050,120
2 Official travel	2,793,400	(95,050)	2,698,350	149,400	2,847,750
3 Operating costs	26,336,080	(1,087,329)	25,248,751	1,683,300	26,932,051
4 Information and communication technology	5,654,700	(266,350)	5,388,350	211,800	5,600,150
5 RPTC and Special Resources for Africa	14,189,800	35,773	14,225,573	354,256	14,579,829
Income	(3,013,300)	(54,100)	(3,067,400)	(156,900)	(3,224,300)
Total net regular budget	144,295,800	596,744	144,892,544	5,893,056	150,785,600
3. Operational budget					
1 Staff costs	20,506,800	(1,475,800)	19,031,000	610,500	19,641,500
3 Operating costs	1,320,070	(818,950)	501,120	32,300	533,420
Income	(314,500)	(700)	(315,200)		(315,200)
Total net operational budget	21,512,370	(2,295,450)	19,216,920	642,800	19,859,720

a/ Reflects budget adjustments to the base.

Table 5

Posts established under the regular and operational budgets
2004-2005 and 2006-2007
(Excluding Major Programme H, Buildings Management)

A. Total UNIDO

	2004-2005			2006-2007			Increase/ decrease
	RB	OB	Total	RB	OB	Total	
<u>Professional and above</u>							
Director-General	1.0	-	1.0	1.0	-	1.0	-
Director	32.0	1.0	33.0	31.0	4.0	35.0	2.0
P-5	62.0	17.0	79.0	67.0	13.0	80.0	1.0
P-4	74.0	15.0	89.0	68.0	9.0	77.0	-12.0
PS (P-2/P-3)	61.0	12.0	73.0	71.0	9.0	80.0	7.0
National Programme Officer	-	-	-	4.0	21.0	25.0	25.0
Subtotal	230.0	45.0	275.0	242.0	56.0	298.0	23.0
General Service	234.5	80.0	314.5	235.5	70.0	305.5	-9.0
GRAND TOTAL	464.5	125.0	589.5	477.5	126.0	603.5	14.0

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

	2004-2005			2006-2007			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	1.0	25.0	24.0	1.0	25.0	-
P-5	46.0	9.0	55.0	54.0	7.0	61.0	6.0
P-4	65.0	12.0	77.0	64.0	8.0	72.0	-5.0
PS (P-2/P-3)	60.0	11.0	71.0	70.0	8.0	78.0	7.0
National Programme Officer	-	-	-	-	-	-	-
Subtotal	196.0	33.0	229.0	213.0	24.0	237.0	8.0
General Service	186.5	60.0	246.5	193.5	52.0	245.5	-1.0
GRAND TOTAL	382.5	93.0	475.5	406.5	76.0	482.5	7.0

C. Field Offices

	2004-2005			2006-2007			Increase/ decrease
	RB	OB	Total	RB	OB	Total	
<u>Professional and above</u>							
Director-General	-	-	-	-	-	-	-
Director	8.0	-	8.0	7.0	3.0	10.0	2.0
P-5	16.0	8.0	24.0	13.0	6.0	19.0	-5.0
P-4	9.0	3.0	12.0	4.0	1.0	5.0	-7.0
PS (P-2/P-3)	1.0	1.0	2.0	1.0	1.0	2.0	-
National Programme Officer	-	-	-	4.0	21.0	25.0	25.0
Subtotal	34.0	12.0	46.0	29.0	32.0	61.0	15.0
General Service	48.0	20.0	68.0	42.0	18.0	60.0	-8.0
GRAND TOTAL	82.0	32.0	114.0	71.0	50.0	121.0	7.0

APPLICATION OF THE RESULTS-BASED MANAGEMENT PRINCIPLES

Background

1. The programme and budgets contained in this document follows the application of principles of results-based management (RBM) for the first time in a comprehensive manner. The basic thrust is fully in compliance with one of the central features of the United Nations-wide reforms: the emphasis on improving performance through the adoption of RBM. It also responds to the particular importance that UNIDO's Member States attach to RBM as a management tool for improving organizational performance, enhancing transparency of reporting process and thus accountability.

2. As a concept, RBM is not new to UNIDO or its Member States. Since the advent of RBM, the Secretariat has been gradually introducing RBM as a management tool in all its activities to, *inter alia*, improve the quality (relevance and effectiveness) and impact of its activities and services, and has endeavoured to shift gradually from reporting on activities to reporting on performance results. The Division of Administration has been using performance indicators for a number of years to assess and report on the management of finance, human resources and administrative processes. Performance indicators have also been used in certain technical cooperation programmes, notably the Montreal Protocol and other environment-related areas. Performance indicators were also included for the first time in UNIDO's 2004-2005 programme and budget document. Detailed information on the introduction of and progress in RBM in UNIDO is contained in a note by the Secretariat to the tenth session of the General Conference — document GC.10/CRP.5 (medium-term programme framework, 2004-2007 — Office of the Comptroller General) dated 24 November 2003, as well as in the 2003 and 2004 Annual Reports.

3. The Member States and the External Auditor have positively commented upon the actions taken by the Secretariat in introducing RBM in the Organization. In resolution GC.10/Res.10 of 5 December 2003, Member States requested the Director General, *inter alia*, "to continue improving the results-based biennial programme and budgets and inform the Industrial Development Board on progress in developing performance indicators".

4. The programme and budget document for the biennium 2006-2007, therefore, differs significantly from that for the biennium 2004-2005, as it includes a comprehensive and better-refined approach to RBM and results-based budgeting (RBB). The Secretariat considers it a major step in the process of a comprehensive, coherent and structured shift towards reporting on outcomes and outputs and related achievement indicators.

Definition of results-based management and results-based budgeting

5. The term RBM describes a holistic management system used by an organization to ensure that: (a) all its activities contribute towards the achievement of its strategic objectives and (b) that results of activities are systematically assessed against objectives and target indicators as a means of continually improving strategy, performance and productivity.

6. Results-based management involves the following key steps: defining strategic objectives; specifying results that contribute to these goals and aligning programmes, processes and resources behind them; engaging in ongoing monitoring and assessment of performance; and improving accountability by means of continuous feedback on performance.

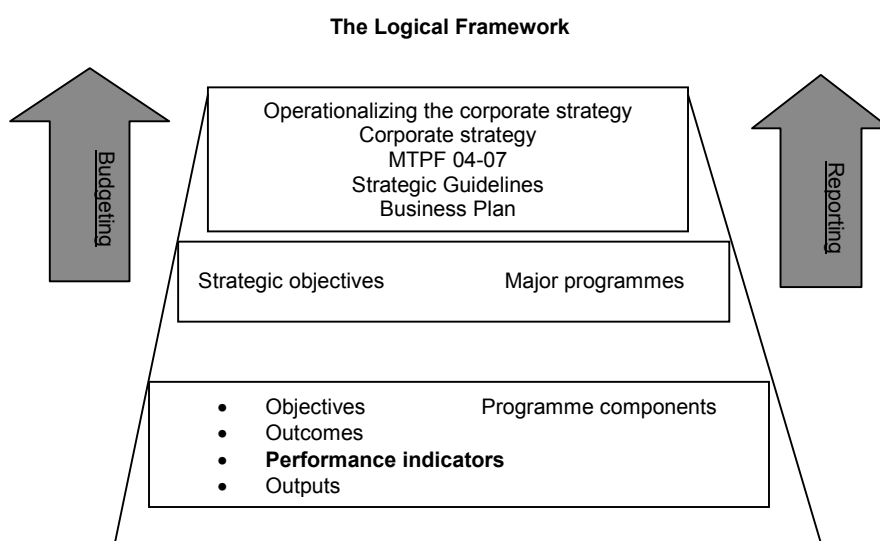
7. Given this definition of RBM, results-based budgeting constitutes the basis for aligning resources to results in this framework. Results-based budgeting is thus a results-driven budgeting process in which programme formulation and resource justification involve a set of predefined objectives, expected outcomes, performance indicators and outputs that constitute a "logical framework". Expected outcomes justify

resource requirements, which are derived from and linked to outputs to be delivered with a view to achieving outcomes. Actual performance in achieving outcomes is measured by pre-determined, time-bound performance indicators.

Methodology used

8. The preparation of the programme and budget document is led by the existing strategic planning documents of the Organization, in particular the Strategic Guidelines “Towards improved UNIDO programme delivery”, adopted by the twenty-sixth session of the Board in November 2002 (IDB.26/Dec.7), UNIDO’s corporate strategy, the document for operationalizing UNIDO’s corporate strategy issued in 2004, the medium-term programme framework, 2004-2007 (GC.10/14), and the thematic priority strategy documents developed by the Secretariat in 2004. The existence of these detailed strategic planning documents greatly facilitated the preparation of the programme and budget document in line with RBM principles.

9. The document is based on a logical framework approach linking the overall organizational goals to the strategic objectives of the major programmes and the objectives, outcomes and related performance indicators, together with the planned outputs of the individual programme components. Resource requirements are linked to objectives and expected results of the major programmes following the logical framework approach shown in the figure.



10. The successful introduction of RBM in any organization is contingent upon a common understanding of the concepts and principles of RBM, which must be adapted to the specific requirements of the individual organization. Furthermore, it requires commitment by senior management to ensure that the process is followed further down the lines of authority. It also necessitates that credible and reliable performance information is being collected, understood, agreed upon throughout the organization, disseminated, monitored and reported upon. A major effort was thus undertaken to ensure the full commitment of staff to the principles of RBM being adopted and to determine the relevant performance indicators.

11. The process started with a senior management retreat in December 2004, exclusively devoted to RBM, which set in motion a comprehensive and participatory exercise aimed at ensuring a full and common methodological understanding of RBM, and providing clear definitions of RBM concepts, techniques and terminology.

12. An outside expert with extensive experience and expertise in introducing RBM and RBB in the United Nations system provided methodological support and clarified concepts and their application in UNIDO’s context. The process started under the direct leadership of the Director-General and senior management, an approach which, as stated above, is a prerequisite for the successful introduction of the system.

13. Subsequently, after extensive in-house discussions, comprehensive guidelines were issued to ensure a common approach by respective programme managers in their submissions. The guidelines explained that objectives, outcomes, performance indicators and outputs should be understood as follows:

- (a) Objectives describe what is to be achieved by the programme, i.e. the situation that should exist as a result of the programme's activities expected towards the identified needs. They should also provide a link to the overall objective of the major programme;
- (b) Outcomes are the specific and observable changes (in the target group) induced by the programme's actions for the achievement of the stated objectives. Performance indicators specify the means for measuring whether the outcome has occurred;
- (c) Outputs are the products and services delivered by the programme components to the target groups as a result of inputs and activities.

14. The logical framework provided managers with the basic tool for articulating the *raison d'être* of the programmes and programme components (objectives), defining the benefits to end-users as a consequence of outputs in order to meet the objective (outcomes) and indicating yardsticks for the expected outcomes (performance indicators).

15. The submissions were prepared according to an interactive and participatory approach involving staff at various levels and the provision of methodological approach. This resulted in submissions that were the product of full collaboration between all programme managers, with Directors providing the substantive inputs under the overall guidance of their respective Managing Directors. The office of the Director-General and the office of the Comptroller General reviewed the submissions for ensuring overall consistency of the major programmes/programmes and components with major policy documents, and ensuring compliance with the principles of RBM and RBB by reviewing outcomes, performance indicators and outputs. The programme managers and their Directors and Managing Directors fully participated in this review process, thus contributing to better understanding of the RBM and RBB concepts and ownership of these programmes by those responsible for their implementation, which would greatly contribute to improving accountability.

16. The thematic approach and the new programme and budget format aim to show how resources are aligned to each of the programmes. The document is expected to provide managers and ultimately Member States with the necessary information and instruments to determine the relevance, efficiency and effectiveness of the Organization's work.

Lessons learned and challenges ahead

17. The preparation of the programme and budgets has been a major step forward in introducing a management culture that goes beyond the delivery of activities and focuses on results. The challenge will be to sustain this effort and enhance the results-based culture, to track information on progress and strengthening the monitoring and reporting systems.

18. The selection of indicators has proven to be challenging. One reason for this was that baseline data are not yet available in a consistent manner throughout the Organization. It was thus decided to include only those baselines and quantifiable indicators that were fully reliable. Furthermore, the experience gained in the biennium will be used to refine methodologies and systems for data collection.

19. A number of methodological issues emerged in the context of establishing performance indicators. Most of the Organization's technical cooperation activities relate to capacity-building. The results of such activities are of a medium- to long-term nature; they are not bound to a biennium. A system for capturing the results achieved in the biennium will thus have to be established. Another methodological challenge relates to activities such as policy advice, which are difficult to measure in quantitative terms.

20. Determining an optimal level of accountability for results is also challenging. It is recalled that results are not solely attributable to the Secretariat; they also depend to a large extent on external factors such as the support of various stakeholders and the availability of financial resources. At the country level, it will be necessary to determine the degree of the achievement of expected outcomes which are attributable to the Organization's specific interventions as distinct from contributions to common efforts in the same field by several actors.

21. Collecting data to measure results also presents a challenge. This would require time, financial and human resources. This issue will have to be addressed and the cost-effectiveness of the data collection ensured. It is anticipated, however, that given further training, management direction and practical experience, the development of indicators and data collection methods will be improved.

22. A further challenge is limiting indicators to a few strategic ones that are also meaningful for decision-making purposes. According to the experience of other organizations, it is not unusual at the outset for programme managers to establish a large number of indicators that they consider necessary to determining whether a programme is working well and is on target. The present document is a first attempt to limit indicators to a few strategic ones; however, there is scope for improvement based on experience.

23. Based on the lessons learned in preparing the programme and budget document and in the light of experience in other United Nations organizations, the following steps are envisaged:

(a) The understanding of the concepts and RBM system will be strengthened through training, workshops and "learning by doing". Staff responsible for implementing programme components will be fully involved in this process;

(b) Necessary control mechanisms will be developed for the allocation of budgetary resources for each year of the biennium to programme managers based on clear results-oriented work programmes showing outcomes, performance indicators and outputs linked to the approved programme and budgets for 2006-2007;

(c) The monitoring, reporting, self-evaluation and control systems will be strengthened further so as to enable managers to scrutinize critically their activities and associated resources and ensure proper focus on expected outputs and outcomes. The office of the Comptroller General will ensure continuous monitoring of performance and report thereon. This will also have major implications on how the Organization reports on its performance in the Annual Report and other periodic reports;

(d) Based on experience, improvements and refinements will be gradually introduced to ensure the accurate formulation of objectives and expected outcomes and the establishment of key performance indicators for the measurement of outcomes;

(e) Programme managers will be expected to implement RBM and RBB not as an exercise unrelated to implementation, but as a closely interrelated activity that has to be carried out simultaneously. Close linkages will be established with programme formulation, monitoring and evaluation of country-level programmes, with the indicators being included in such programmes. This will ensure a gradual improvement of the availability, validity and reliability of data and data collection methods;

(f) Acknowledging that performance management incurs costs, appropriate funds will be allocated for training, data collection, recording and related information systems;

(g) Data reflecting the achievements in the biennium 2006-2007 will be recorded and used for reporting, as well as being used as baselines in order to show progress towards achieving outcomes in the programme and budget of the subsequent biennium. They will thus constitute the basis for determining future outcomes and performance indicators.

Concluding remarks

24. Based on the extensive consultation and preparatory process, the Secretariat trusts that this document will be seen as a major step in the direction of greater reporting transparency, better institutional accountability and, above all, improved effectiveness on the part of the Organization.

25. However, experience within UNIDO as well as in other organizations in the United Nations system shows that the introduction of RBM is a major challenge; it cannot be accomplished in the short term. Experience at the national level and other United Nations organizations shows that it takes eight to ten years to implement fully RBM and RBB before a stage is reached where policy- and decision-makers can use performance data generated by those implementing the programmes. Other United Nations organizations and their governing bodies have acknowledged that RBM is an evolutionary process taking several years and requiring a learning period as well as major changes in the management processes and organizational culture. As a system and in its application, RBM is subject to continuous improvements and adjustments. Further refinements and adjustments will inevitably be required in UNIDO based on the application of the system and a continuous organization-wide monitoring and assessment/evaluation process.

MAJOR PROGRAMME A: GOVERNING BODIES

General description

A.1. The Major Programme comprises two programmes: A.1 – Meetings of the Governing Bodies and A.2 – Secretariat of Governing Bodies and External Relations. The Member States are the main constituency of the Major Programme, and developing countries and countries with economies in transition are the target groups. Recent years have been characterized by side-events held in parallel with sessions, and by the presence of heads of State and other dignitaries. These and other trends have enhanced the participatory process and encourage Member States at a very high level to share their views concerning the context within which UNIDO offers its services.

Overall objective

A.2. 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.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)		
General Professional	Service	Total	Regular budget	Operational budget	Total
3.0	4.0	7.0			
			Staff costs	1,498,700	1,498,700
			Consultants	18,470	18,470
			Official travel	9,300	9,300
			Operating costs	3,027,620	3,027,620
			Total gross expenditure	4,554,090	4,554,090
			Total net resources	4,554,090	4,554,090

By programme

	Posts		Regular and operational budgets	Technical cooperation (extrabudgetary)	TOTAL
	P	GS			
A.1. Meetings of the Governing Bodies			3,067,560		3,067,560
A.2. Secretariat of Governing Bodies & Ext. Relations	3.0	4.0	1,486,530		1,486,530
A. Total major programme	3.0	4.0	4,554,090		4,554,090

Programme A.1: Meetings of the Governing Bodies

General description

A.3. The Programme serves the policy-making bodies of the Organization. As provided for in Chapter II 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.

A.4. The Programme responds to the mandate as spelled out in the Constitution and the rules of procedure of the governing bodies. It provides and arranges for the necessary infrastructure for the 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, thereby discharging constitutional responsibilities. It assures that meetings are conducted in a timely, orderly and procedurally correct manner through authoritative advice and thorough preparations of the Secretariat.

Objective

A.5. The objective of the Programme is to provide and arrange for the necessary infrastructure for the policy-making organs (General Conference, Industrial Development Board, Programme and Budget Committee), including regular and special sessions and a range of intersessional meetings.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)		
Professional	General	Total	Regular	Operational	Total
	Service		budget	budget	
			Staff costs	68,000	68,000
			Consultants	18,470	18,470
			Operating costs	2,981,090	2,981,090
			Total gross expenditure	3,067,560	3,067,560
			Total net resources	3,067,560	3,067,560

<i>Outcomes</i> ¹	<i>Performance indicators</i>
One session of the General Conference, three sessions of the Board, two sessions of the Programme and Budget Committee.	<ul style="list-style-type: none"> Documents containing compilations of resolutions, decisions and conclusions adopted and reports issued.
Correct interaction among the respective governing bodies.	<ul style="list-style-type: none"> Adoption by the Board of appropriate Programme and Budget Committee recommendations, and of appropriate Board recommendations by the General Conference.

¹ Owing to the nature of Programme A.1, outcomes largely depend on **external factors**, such as contributions and support by Member States and services provided by UNOV.

Outputs

- Translation, interpretation, facilities, printing and other services to one session of the General Conference, three sessions of the Industrial Development Board and two sessions of the Programme and Budget Committee.

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

General description

A.6. 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. The Programme:

- Provides substantive, technical and logistical support to the policy-making organs (General Conference, Industrial Development Board, Programme and Budget Committee), and to other subsidiary bodies and working groups established by those organs;
- Provides advisory services to elected officers, including scenarios for presiding officers, and regional group chairpersons and to senior management regarding the steering of complex policy matters prior to and during sessions, including follow-up work, to ensure legislatively correct action;
- Reviews and edits pre-, in- and post-session documents issued to the sessions, including the annual report of the Organization, ensuring adherence to standards and mandates, and maintains relevant material on the UNIDO website.

A.7. As a focal point for liaison with Member and non-Member States, the Programme establishes, maintains and monitors these official Secretariat contacts, also with regional groups and their chairpersons. In this context, it:

- Liaises with Member States on all matters related to the policy-making organs;
- Conducts consultations with non-Member States to facilitate applications for membership in UNIDO and with other entities eligible for participation in the governing bodies;
- Provides a full range of support services to the Vienna Chapter of G-77 and China;

(d) Reviews official correspondence from the Director-General to high-level dignitaries, ensuring adherence to protocol and editorial standards;

(e) Provides support services for official high-level visitors to Headquarters, and coordinates protocol and other aspects of the participation of Heads of State and Government in sessions of the General Conference.

Objective

A.8. The objective of the Programme is to facilitate deliberations and decision-making of the governing bodies and to maintain general external relations with Member States, Permanent Missions accredited to UNIDO, non-Member States and regional groups.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
3.0	4.0	7.0			
			Staff costs	1,430,700	1,430,700
			Official travel	9,300	9,300
			Operating costs	46,530	46,530
			Total gross expenditure	1,486,530	1,486,530
			Total net resources	1,486,530	1,486,530

<i>Outcomes</i>	<i>Performance indicators</i>
Effective conduct of meetings of the policy-making organs through the provision of timely and qualitative organizational and secretariat support and authoritative advice.	<ul style="list-style-type: none"> Number of Member States expressing satisfaction with conduct of policy-making organs sessions and quality of advisory services rendered in that context. Increased percentage of documents issued within mandated deadlines.*
Effective liaison with and efficient services provided to Member States.	<ul style="list-style-type: none"> Number of Member States expressing satisfaction regarding quality of information and services provided.
Appropriate participation in sessions and related events.	<ul style="list-style-type: none"> Increased number and level of participants and improved geographical balance in sessions and related events.

* Subject to timely submission of parliamentary documentation by the authors.

Outputs¹

- Advisory services provided to officers of the General Conference (one session), Industrial Development Board (three sessions), Programme and Budget Committee (two sessions), intersessional working groups and consultations with Member States;
- Issuance of notifications and documents for the General Conference (one session), Industrial Development Board (three sessions) and Programme and Budget Committee (two sessions);
- Issuance of the Annual Report of UNIDO for 2006 and 2007;
- Accreditation of members of Permanent Missions to UNIDO;
- Meetings arranged for Group of 77 and China, and maintenance of related website;
- Information and communication services provided (official correspondence with Member States and maintenance of governing bodies material on the UNIDO website).

¹ Outputs reflect “deliverables” and do not include non-quantifiable results, such as those related to correct interpretation and application of legislative mandates, strategy planning or other quality-related aspects for the successful conduct of the governing bodies.

MAJOR PROGRAMME B: GENERAL MANAGEMENT

General description

B.1. Within the scope of the constitutional objectives of UNIDO and pursuant to the decisions of the policy-making organs, the Major Programme:

- (a) Provides effective strategic guidance and control to the Organization as well as efficient operational and financial management. It is also responsible for maintaining close relations with Governments and other inter-governmental organizations and United Nations system agencies, both at Headquarters and through offices in New York and Geneva. It 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;
- (b) Further ensures that internal control mechanisms work efficiently and effectively through proactive reviews of all operations of the Organization, as well as the monitoring of all operations to ensure the optimal use of the available resources;
- (c) Provides evidence on the achievement of results and best utilization of resources through objective reviews/assessments of all activities/operations of the Organization and programme implementation monitoring and evaluation, and performance assessment.

Overall objective

B.2. To ensure that efficient and effective policies and strategies are well established and observed throughout the Organization and communicated to Member States, United Nations system agencies and other constituencies and partners of UNIDO.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)		
Professional	General	Total	Regular budget	Operational budget	Total
	Service				
23.0	18.0	41.0			
			Staff costs	10,423,000	10,423,000
			Consultants	217,280	217,280
			Meetings	252,600	252,600
			Official travel	611,540	611,540
			Operating costs	1,088,650	1,088,650
			Information and comm. techn.	73,700	73,700
			Total gross expenditure	12,666,770	12,666,770
			Total net resources	12,666,770	12,666,770

By programme

	Posts		Regular and operational budgets	Technical cooperation (extrabudgetary)	TOTAL
	P	GS			
B.1. Executive Direction and Management	12.0	12.0	8,480,130		8,480,130
B.2. Comptroller General, Int. Oversight & Eval. Serv.	11.0	6.0	4,186,640		4,186,640
B. Total major programme	23.0	18.0	12,666,770		12,666,770

Programme B.1: Executive Direction and Management**General description**

B.3. In line with the constitutional objectives of UNIDO and the decisions of UNIDO's policy-making organs, the Programme provides the overall strategic and policy direction for the activities of UNIDO. It guides and coordinates the implementation of technical cooperation and global forum activities as well as administrative and financial processes and procedures.

B.4. The Programme also has an organization-wide coordinating responsibility for external relations and United Nations-related activities, including the representation of UNIDO in New York and Geneva, and is responsible for the Organization's communication and public information activities.

B.5. The objective of this Programme is to carry out a number of interrelated management functions, including:

- (a) To continuously review the overall direction of the Organization in response to changes in the global environment for productivity enhancement, and to facilitate the establishment of effective and coordinated management systems to enable the Organization to adjust its operations accordingly;
- (b) To present UNIDO's vision and activities in policy debates particularly relevant to economic and social development;
- (c) To generate support from Member States for UNIDO activities through direct communication and dialogue;
- (d) To encourage cooperation between UNIDO and United Nations system agencies and other intergovernmental organizations;
- (e) To increase international understanding and appreciation of UNIDO and foster debate on UNIDO's activities.

B.6. In addition, the Programme seeks to ensure appropriate representation and interaction of UNIDO both in New York and Geneva with Permanent Missions, United Nations system agencies, other intergovernmental organizations, civil society organizations (CSOs), the media and other relevant bodies to enhance UNIDO's role within the United Nations system, secure opportunities and ensure effective cooperation and coordination with other agencies.

Objective

B.7. To ensure effective and efficient implementation of the above activities.

Resources**Resource estimates (in euros)**

Posts			2006-2007 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
12.0	12.0	24.0			
			Staff costs	6,431,640	6,431,640
			Consultants	115,620	115,620
			Meetings	252,600	252,600
			Official travel	533,520	533,520
			Operating costs	1,077,250	1,077,250
			Information and comm. techn.	69,500	69,500
			Total gross expenditure	8,480,130	8,480,130
			Total net resources	8,480,130	8,480,130

<i>Outcomes</i>	<i>Performance indicators</i>
General Direction and Management	
Improved strategic direction, management and coordination of UNIDO's technical cooperation and global forum activities responding more clearly to the needs of Member States and the international development priorities.	<ul style="list-style-type: none"> Increased expression of recognition. Increased funding of UNIDO activities. Enhanced implementation rates.
Increased recognition of UNIDO activities and improved positioning of UNIDO in the United Nations system-wide policy debate, particularly in the context of the economic development function of the United Nations.	<ul style="list-style-type: none"> Increased number of references to UNIDO activities in United Nations documentation and resolutions.
Enhanced visibility and positioning of UNIDO in international or multi-agency initiatives.	<ul style="list-style-type: none"> Increased number of joint activities with United Nations system agencies and other entities.
Increased support from Member States for UNIDO's policies and activities.	<ul style="list-style-type: none"> Increased number of Member States expressing satisfaction with the services provided by UNIDO.
Increased awareness of UNIDO activities by Member States through improved presentation of information about UNIDO activities and increased positive media coverage.	<ul style="list-style-type: none"> Number of media citing UNIDO activities. Mentions of UNIDO activities in speeches, papers, etc. Downloads from UNIDO's website.

<i>Outcomes</i>	<i>Performance indicators</i>
Liaison New York and Geneva	
Improved understanding of representatives of Member States and intergovernmental organizations about UNIDO activities.	<ul style="list-style-type: none"> Number of positive statements by Member States and other stakeholders.
Enhanced visibility and positioning of UNIDO in international or multi-agency initiatives and conferences, meetings, roundtables, etc.	<ul style="list-style-type: none"> Increase in requests for UNIDO involvement in meetings and multi-agency activities.
Increased cooperation with United Nations system agencies based in New York and Geneva.	<ul style="list-style-type: none"> Joint activities with United Nations system agencies and other entities.

Outputs

General Direction and Management

- Policy and strategy documents;
- Introduction of modern management techniques and practices;
- Participation and involvement in various United Nations and other international meetings, events, initiatives and multilateral mechanisms;
- Joint activities and focused initiatives with United Nations system agencies and other intergovernmental organizations;
- Liaison with all Member States and intergovernmental organizations on UNIDO activities;
- Strategy developed and implemented for overall communication and public information activities;
- Public information material, video clips, films and website as well as media relations interviews by the Director-General and senior UNIDO management.

Liaison New York and Geneva

- Liaison and contacts with representatives of Permanent Missions based in New York and Geneva;
- Briefing Permanent Mission representatives on all relevant programmatic matters and policies;
- Participation and involvement in different United Nations and other international meetings and events;
- Joint activities and focused initiatives with United Nations system agencies and other intergovernmental organizations;
- Briefings to UNIDO Headquarters.

Programme B.2: Comptroller General, Internal Audit and Evaluation Services

General description

B.8. The Programme brings a systematic, disciplined, objective and independent approach to assessing and improving the reliability, integrity and effectiveness of UNIDO's services and compliance with the Organization's internal control processes. The Programme ensures the maintenance of the Organization's integrity through development and implementation of proactive control mechanisms in various areas of the Organization, such as administrative, financial, programmatic and management areas. The Programme supports the Organization's continuous improvement and learning process.

B.9. The Programme is responsible for advising on the conceptualization and implementation of results-based management, as well as to provide independent upstream advice on managerial and programmatic matters and monitoring of all activities and operations of the Organization to ensure adherence of the Organization's activities and programmes to stated objectives and standards of accountability, effectiveness and efficiency.

B.10. The Programme also liaises with the External Auditor, Joint Inspection Unit, Member States, policy-making organs and other strategic partners, including with the High-Level Committee on Management on relevant issues and ensures compliance with the decisions and directives of the governing bodies.

B.11. In order to provide independent and objective assurance and advice to management, Member States and other stakeholders on the full range of administrative, financial, management and programmatic issues, the Programme consists of the following components: (a) Office of the Comptroller General; (b) Internal Audit Group; (c) Evaluation Group and (d) Information and Communication Management Services (the description, objective, resources, outcome, indicators and outputs of this component are shown under Programme G.5).

B.12. The Programme was established in June 2003 to improve the performance and accountability of the Organization, pursuant to recommendations by the External Auditor (PBC.18/3) and the governing bodies (PBC conclusion 2002/2, Board decision IDB.26/Dec.2). This was implemented through the following Director-General's bulletins: UNIDO/DGB(M).91 of 14 November 2002; UNIDO/DGB(O).86/Add.12 of 14 May 2003; UNIDO/DGB/(O).86/ Add.13 of 16 June 2003; UNIDO/DGB/(M).92 of 20 October 2003; and UNIDO/DGB(M).93 of 6 September 2004. The mandate of the Programme is also stated in the financial regulations and rules.

B.13. The medium-term programme framework, 2004-2007 (GC.10/14) of 20 October 2003 states in paragraph 41 that the financial and operational management of the Organization is being strengthened through the operation of the Office of the Comptroller General, which has the responsibility for the functions of the internal oversight, programme/project evaluation, programme/policy monitoring, financial control, information and communication management. This arrangement is expected to ensure, in a coordinated manner, optimal use of the resources available to the Organization.

Objective

B.14. To improve the performance and assure the accountability of the Organization by designing, maintaining, operating and monitoring the management control framework of UNIDO.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
11.0	6.0	17.0			
			Staff costs	3,991,360	3,991,360
			Consultants	101,660	101,660
			Official travel	78,020	78,020
			Operating costs	11,400	11,400
			Information and comm. techn.	4,200	4,200
			Total gross expenditure	4,186,640	4,186,640
			Total net resources	4,186,640	4,186,640

Programme Component B.2.1: Office of the Comptroller General

General description

B.15. The Office of the Comptroller General is primarily aimed at operating the management and performance control framework of the Organization and providing management and direction to various components of the Programme taking into account the strategic priorities, mandate and objectives of the Organization, recommendations by the External Auditor, parameters set by the decisions and resolutions of the governing bodies and the risk assessments performed. The office coordinates with all other major programmes, programmes and their components, as well as with the External Auditor, the Joint Inspection Unit and other stakeholders on relevant issues.

B.16. The office also contributes to the Organization meeting its obligations in respect of the judicious use of all financial and human resources available to the Organization and the safeguarding thereof; provides assurances on adherence of the Organization's activities and programmes to stated objectives and standards of accountability; and economy, efficiency and effectiveness in the use of resources and the impact of the Organization's activities. The office, *inter alia*, advises the other programmes on programmatic issues and the Organization's accountability framework to ensure the judicious and effective use of resources, as well as on the programmatic and financial reporting to the governing bodies, including the medium-term programme framework.

Objective

B.17. To provide strategic direction to all components of the Programme, and to improve the performance and assure the accountability of the Organization.

<i>Outcomes</i>	<i>Performance indicators</i>
Improved efficiency and effectiveness in the use of resources of the Organization.	<ul style="list-style-type: none"> Member States express their confidence in the Organization, when reviewing the agenda items relating to the management and use of resources (at least four times during the biennium).
Greater compliance with regulations, rules and procedures of the Organization.	<ul style="list-style-type: none"> Expenditures in accordance with the regular and operational budgets approved by Member States and donors.
Greater confidence and reliance by the External Auditor and other stakeholders in the Organization's control framework and operations.	<ul style="list-style-type: none"> Lesser number of audit observations and recommendations by External Auditor and issuance of an unqualified audit opinion on UNIDO operations.
Greater protection of resources entrusted to the Organization.	<ul style="list-style-type: none"> Lesser number of cases of non-compliance with the regulations and rules.
Results-based management practices and culture enhanced at all levels of the Organization.	<ul style="list-style-type: none"> Branches/offices have introduced results-based management-based work plans and are reporting performance on the basis of results-based management principles.
Improved programmes/projects quality.	<ul style="list-style-type: none"> Programmes and projects that comply with processes.
Improved utilization of information systems for decision-making.	<ul style="list-style-type: none"> Increased use of information systems and decrease in the number of <i>ad hoc</i> special information requests.

Outputs

- Annual and biennial work plans for all components of the Programme coordinated, approved and implemented taking into account the risk assessment of various activities of the Organization;
- Best practices in various management fields identified and support in their implementation provided;
- Upstream advice on administrative, financial, management and programmatic issues resulting in the judicious and effective use of the Organization's resources entrusted to various programme managers;
- Introduction/updating of policies and control mechanisms to safeguard the Organization's assets;
- Updated processes and guidelines for the formulation and implementation of projects/programmes;
- Technical advice/training/information on results-based management to improve accountability for results — 50 per cent staff trained during the biennium;
- Reports recommending actions to address wide-ranging issues covering various activities and operations of the Organization;

- Management and performance control framework of the Organization continuously improved and necessary guidelines and instructions issued (at least once during the biennium);
- Reports prepared for Member States (brief information on the activities carried out by the Programme in two Annual Reports of UNIDO; a detailed annual report to the Board on activities carried out by the Office of the Comptroller General, incorporating information on the activities of the components).

Programme Component B.2.2: Internal Audit

General description

B.18. The Internal Audit Group of the Office of the Comptroller General provides independent and objective assessment of the rationale, adequacy, efficiency and effectiveness of all of UNIDO's operations, including regulations and rules, policies and procedures and processes. It fosters a culture of transparency and accountability and of striving to improve the performance of UNIDO's activities.

Objective

B.19. To add value to and improve UNIDO's operations by examining and assessing the Organization's activities in an independent and objective manner.

<i>Outcomes</i>	<i>Performance indicators</i>
More efficient, effective, relevant and compliant UNIDO operations (i.e. organizational entities, processes and management control systems, including policies and procedures, regulations and rules).	<ul style="list-style-type: none"> • Implementation rate of critical recommendations issued by category (compliance/efficiency/effectiveness/relevance). • Monetary value of recommendations implemented (if applicable).
Improved integrity of the Organization, by addressing issues of suspected fraudulent activities within UNIDO.	<ul style="list-style-type: none"> • Reduction in number of issues newly received compared to prior biennium. • Increased percentage of issues closed during biennium. • Decreased percentage of issues pending at end of biennium.

Outputs

- Processes, management control systems and operational entities reviewed over the course of the biennium;
- Recommendations by category (critical/non-critical; compliance/efficiency/effectiveness/relevance; implemented/in process/not started);
- New issues dealt with in the course of the biennium;
- Issues closed in the course of the biennium;
- Detailed information on work undertaken for inclusion in the annual report of the Office of the Comptroller General to the Board, as well as brief information on key activities for inclusion in the Annual Report of UNIDO.

Programme Component B.2.3: Evaluation

General description

B.20. The programme component is an integral part of UNIDO's continuous improvement process and organizational learning. The evaluation function provides analytical, structured and impartial feedback of project/programme performance for the purpose of increasing efficiency and effectiveness of UNIDO services, for accountability to management, donors and counterparts and for learning lessons in support to organizational knowledge-building. The effective use of evaluation findings is also ensured in keeping with the requirements of results-based management. Evaluation thus supports the development, application and continuous refinement of results-based management systems and methodologies. Evaluation reports and feedback mechanisms have an impact on all strategic objectives, programmes and subprogrammes.

Objective

B.21. To improve the design, efficiency and effectiveness of UNIDO services, and to meet accountability requirements on project and programme performance.

<i>Outcomes</i>	<i>Performance indicators</i>
Evaluation recommendations are accepted, followed up and implemented.	<ul style="list-style-type: none"> 80 per cent implementation rate of evaluation recommendations.
Lessons learned from evaluations are an integral part of organizational improvement and learning.	<ul style="list-style-type: none"> 70 per cent implementation rate of lessons learned.
UNIDO policy-making organs, recipient Governments and counterparts as well as donors show confidence and trust in UNIDO transparency and accountability through the evaluation function.	<ul style="list-style-type: none"> Expressed support by UNIDO policy-making organs for evaluation services (once during the biennium).

Outputs

- Evaluation plan for all evaluation activities in the biennium approved and necessary resources allocated;
- Ten in-depth evaluations of integrated programmes; six evaluations of stand-alone projects and four thematic evaluations or desk assessments carried out and follow-up plans implemented;
- Ten self-evaluations coordinated and methodological support as well as training provided;
- Training and guidance provided on results-based management, the application of the logical framework and evaluation methodologies;
- Reports prepared for Member States (brief information on evaluation activities in two Annual Reports, detailed information on evaluations in the annual report of the Office of the Comptroller General to the Board and one biannual report on evaluation prepared for the Board). Two reports on lessons learned prepared for the Executive Board;
- A user-friendly, continuously updated and well maintained database;
- Evaluation policies and methodologies updated, whenever necessary, to comply with international standards and policy developments.

MAJOR PROGRAMME C: ENERGY AND ENVIRONMENT

General description

C.1. In 2000, the United Nations General Assembly adopted the Millennium Declaration, in which Member States committed themselves to certain fundamental values essential to international relations in the twenty-first century. One of these is respect for nature, and the Member States asserted that “the current unsustainable patterns of production and consumption must be changed in the interest of our future welfare and that of our descendants.” They agreed further that no effort should be spared to free all of humanity, particularly future generations, from the threat of living on a planet irredeemably spoilt by human activities, and whose resources would no longer be sufficient for their needs.

C.2. These commitments were codified into Millennium Development Goal 7, which calls on the international community to ensure environmental sustainability. These concerns were reiterated at the World Summit on Sustainable Development in 2002, whose Plan of Implementation states that fundamental changes in the way societies produce and consume are indispensable for achieving global sustainable development. All countries should promote sustainable consumption and production patterns with programmes addressing the de-linking of economic growth and environmental degradation through improved efficiency and sustainability in the use of resources and production processes, and reduction in resource degradation, pollution and waste.

C.3. Energy is essential to economic and social development and to improving the quality of life. International concern and debate over energy has grown increasingly over the past two decades, with the issues of poverty alleviation (energy for the poor), environmental risks and climate change now taking centre stage. Accessibility to reliable and affordable energy is very unevenly distributed, both between countries and within countries. Many developing countries — in particular LDCs — and countries with economies in transition face the urgent need to provide adequate, reliable and affordable energy services, especially electricity, to two billion people mainly in rural areas. However, as the predicted population growth materializes in the developing world, the pressure on local environments resulting from the increased production of energy will rise considerably, as will the amount of greenhouse gas pollutants released.

C.4. UNIDO’s corporate strategy strongly reaffirms these calls by the United Nations General Assembly and WSSD. It asserts that countries are neglecting the scope for preventive, remedial and pro-active steps in their management of the environment and establishment of sustainable energy systems. In so doing, they are passing on to future generations the costs of today’s unsustainable exploitation of natural resources and the excessive pressures on the absorptive capacity of the natural environment. This will curtail the potential for the future industrial development of the developing countries. The UNIDO corporate strategy thus states that:

“Industrialization, urbanization, rapid population growth and poverty along with de facto ‘grow now clean up later’ environmental strategies in many developing countries are putting tremendous pressure on the physical environment, natural resources, forests and biodiversity, air and water quality and freshwater and marine ecosystems.”

C.5. In this connection, the corporate strategy recommends that economic development models must be modified so that one of their central concerns is the achievement of high levels of productivity in the use of natural resources (i.e. the rate of natural resource input per unit of output) in the developing as well as the developed countries. Natural resource productivity and proper valuation of natural assets are just as important to the developing countries if they are to have consistent, productivity-led sustainable development over time. This will create important challenges for the development of cleaner technologies and improved environmental management systems, as well as for innovation and technology diffusion. The UNIDO corporate strategy states that:

“There has to be a shift in the process of industrialization, from end-of-pipe pollution control to the

use of new and advanced technologies, which are more efficient in the use of energy and materials and produce less pollution and waste. Finally, there is a need for the adoption of fundamental changes in both production design and technology represented by the 'cradle-to-cradle' approach, and the reorganization of production ... along the lines advocated by the concept of 'natural capitalism'."

C.6. In line with the corporate strategy and its medium-term programme framework, 2004-2007, the Major Programme will focus on the following areas of emphasis in the developing and transition economy countries: (a) the promotion of modern technologies and processes that are cleaner (more efficient in terms of materials and energy consumption) and more environmentally sustainable (reducing emissions of pollutants and wastes; reducing the use of non-renewable resources); (b) the dissemination of tools and best practices to promote cleaner and sustainable industrial production; (c) assistance for the successful implementation of multilateral environmental agreements, particularly the Montreal Protocol, the Stockholm Convention, and the Kyoto Protocol. Specifically, the Major Programme will be composed of the following nine programme components: C.1 – Rural and Renewable Energy; C.2 – Industrial Energy Efficiency; C.3 – Cleaner and Sustainable Production; C.4 – Water Management; C.5 – Montreal Protocol; C.6 – Stockholm Convention; C.7 – Kyoto Protocol; C.8 – Energy and Environment in Agro-Industries and C.9 – Regional Priorities, Funds Mobilization and Partnerships.

C.7. The main target groups in most of these components are the SMEs and their support institutions. In the case of component C.1, the main target group is the rural poor, who are also a major target group for component C.8. The programme will be implemented in all developing regions and in the countries with economies in transition, as explained in greater detail in component C.9.

C.8. Direction and management will be provided for this Major Programme by the relevant Managing Directors and Directors, as appropriate. This will include both technical and managerial supervision, and will relate to internal guidance provided to UNIDO staff as well as external promotion of UNIDO activities.

Overall objective

C.9. To answer the needs voiced by the international community, and following the broad directives in the corporate strategy within the context of regional priorities, the overall objective of the Major Programme is to promote high levels of productivity in the use of natural resources in the developing and transition economy countries, through transfer of cleaner and environmentally sustainable technologies, higher efficiency, increased re-use and recycling of waste materials, elimination of toxic and hazardous substances, and substitution of non-renewable by renewable sources of energy and materials.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
53.6	31.9	85.5				
			Staff costs	15,503,819	2,777,910	18,281,729
			Consultants	336,940		336,940
			Meetings	21,350		21,350
			Official travel	577,370		577,370
			Operating costs	57,090	311,500	368,590
			RPTC/SRA	3,339,384		3,339,384
			Total gross expenditure	19,835,953	3,089,410	22,925,363
			Income	(152,900)		(152,900)
			Total net resources	19,683,053	3,089,410	22,772,463
Technical cooperation (extrabudgetary)		112,993,000				
			Total resources (including extrabudgetary TC)			135,765,463

Programme Component C.1: Rural and Renewable Energy

General description

C.10. The lack of reliable and affordable energy services in the rural areas of developing countries is a key barrier to their development. There is an urgent need to harness new and renewable sources of energy to meet the growing energy needs of these rural areas. There is also a need to establish close linkages between reliable energy services and income-generation activities in rural areas.

Objective: To advance the development and use of sustainable renewable energy sources for economic development and income generation in rural areas.	
Outcomes	Performance indicators
National production and/or assembly of renewable energy equipment have increased.	<ul style="list-style-type: none"> • Number of new or enhanced national companies that manufacture/assemble renewable energy components. • Number of national/local businesses capable of and engaging in the servicing, installation and promotion of renewable energy systems at the local level. • Number of projects still in working order two years after installation.
Overall rural electrification rate of a given country or region of the country has increased, with an overall reduction in the use of traditional fuels, where unsustainable, i.e. firewood and charcoal.	<ul style="list-style-type: none"> • Number of communities/households electrified. • Number of communities/households supplied by sustainable electric power with minimized downtime, achieved through proper maintenance. • Number of communities/households using non-traditional combustion fuels.
Access to rural energy has been made more affordable in a given country.	<ul style="list-style-type: none"> • Number of innovative financial schemes set up, including, where applicable, both public and private mechanisms. • Number of rural financing schemes set up using project scheme as a model (replication).
Rural income generating activities enhanced due to the provision of energy services.	<ul style="list-style-type: none"> • Number of new/additional/enhanced income activities generated. • Increase in income in real terms of rural communities due to project(s).

Outputs

- Transfer of appropriate equipment and skills to manufacturers, assemblers, suppliers and maintenance agents of renewable energy equipment in rural areas;
- At least five pilot generation and distribution installations (including sustainable business plans);
- Effective, affordable and sustainable rural consumer financing schemes/plans put in place;
- Information materials, books, reports, brochures, web pages published.

Programme Component C.2: Industrial Energy Efficiency

General description

C.11. This component seeks to improve industrial energy efficiency by contributing to the transformation of markets for energy-efficient products and services by strengthening the capabilities of the energy service provider sector; accelerating investments by industries in energy system optimization measures; and increasing the deployment of new energy-efficient industrial technologies through technical, financial and policy advisory services.

C.12. Gains in the efficiency with which industry uses energy contribute to meeting several needs of UNIDO's Member States, which may be summarized as follows:

- (a) Electricity savings mitigate the need for expensive and potentially polluting new power generating capacity, which would otherwise be needed to meet rapidly increasing power demand;
- (b) Efficient use of process heat and steam reduces industrial fuel consumption resulting in productivity increases, lower energy bills and improved industrial competitiveness;
- (c) Controlling growth in the use of fuel and power by industries through increased energy end-use efficiency slows growth in the emissions of climate-damaging greenhouse gases.

Objective: To reduce power and fuel consumption by industries, contributing to their improved competitiveness, productivity and reliability, as well as to reductions in greenhouse gas emissions.	
Outcomes	Performance indicators
A process of market transformation is underway for energy-efficient products and services within host countries.	<ul style="list-style-type: none"> • Number of providers offering comprehensive industrial energy efficiency services on a commercial basis. • Number of performance-based contracts entered into by service providers and projected electricity and fuel savings.
Investments made in optimized industrial energy systems through the increased use of efficient energy-using equipment and cross-cutting efficiency improvement measures.	<ul style="list-style-type: none"> • Number of energy efficiency (system optimization) investment projects per host country with UNIDO case studies documenting CO₂ reductions, energy savings and returns on investment for each project.
Increased deployment of energy-efficient industrial technologies in selected energy-intensive sectors, e.g. foundry, construction, metals, power, fuel supply.	<ul style="list-style-type: none"> • Decrease in the quantity of energy consumption per unit of product in selected energy-intensive industry sectors. • Increase in the number of investment projects underway to introduce new, energy-efficient technologies into (selected) energy-intensive sectors.

Outputs

- Background research and market surveys to clarify the barriers to energy efficiency and the constraints of service providers, to quantify the market for industrial energy efficiency, and to establish benchmarking against best practices;

- Core groups of trained service providers, along with the necessary training and promotional materials for energy efficiency;
- Pilot projects for cross-cutting energy efficiency measures and technology transfer involving evaluation of plant energy systems and preparation of feasibility studies, investment proposals, loan packages and business plans;
- At least two policy advisory studies covering the incorporation of ISO guidelines, (finite) subsidization schemes for energy efficiency investments, and tax-related instruments.

Programme Component C.3: Cleaner and Sustainable Production

General description

C.13. As developing countries develop their economies, it is important to ensure that this occurs in an environmentally sustainable manner, in line with Millennium Development Goal 7. In particular, there is a need to de-link natural resource consumption from economic growth, so that growth in the economy does not lead to a concomitant growth in natural resource consumption. For industry, this means ensuring that as the industrial base of the developing countries grows, the consumption of natural resources by industry remains contained through (a) greater resource efficiency by individual enterprises and (b) the implementation of circular material and energy flows through entire production chains (known collectively as sustainable industrial resource management—SIRM). UNIDO's main target group in this component are the SMEs and their support institutions, while the beneficiaries are the country's population as a whole, since it enjoys a more sustainable economic growth.

Objective: To promote sustainable industrial resource management in the developing countries and countries with economies in transition.	
Outcomes	Performance indicators
SMEs in the countries where SIRM and/or cleaner production (CP) projects are located have greater resource efficiency.	<ul style="list-style-type: none"> • Decrease in quantity of natural resource inputs per unit of product. • Decrease in quantity/toxicity of waste/pollution generated per unit of product.
Greater resource efficiency of production chains in the countries where SIRM/CP projects are located.	<ul style="list-style-type: none"> • Decrease in quantity of natural resource inputs per unit of final product. • Decrease in quantity/toxicity of waste/pollution generated per unit of final product.

Outputs

- Implementation of SIRM/CP demonstration projects and wide dissemination of results, tools and best practices to create market demand and domestic capacities for the adoption of SIRM/CP methodologies and services;
- Active support for the individual national SIRM/CP activities from the global SIRM/CP network;
- Awareness of the results of UNIDO's work created in the relevant international forums, and strategic cooperation alliances established with the relevant international organizations;
- Information materials, books, reports, brochures, web pages published;
- Advisory services provided and training programmes carried out.

Programme Component C.4: Water Management

General description

C.14. As developing countries develop their economies, it is important to ensure that this occurs in an environmentally sustainable manner, in line with Millennium Development Goal 7 and the agreements at WSSD of 2002. In particular, there is a need to protect the developing countries' water resources (national and international) from the discharges of industrial effluents and from excessive water consumption by enterprises.

Objective: To achieve a sustainable usage of water resources and to minimize the generation of effluents by enterprises and the discharge of persistent toxic substances from industrial activities, while promoting the sustainable use of transboundary water resources.	
Outcomes	Performance indicators
Enterprises reduce water usage and quantities of effluents discharged.	<ul style="list-style-type: none"> Increased water productivity through reduced quantity of water used, re-used and recycled, and effluents discharged per unit of product.
Sustainable management of transboundary water resources.	<ul style="list-style-type: none"> Increased application of the eco-system approach for sustainability. Total renewable water resources by basin.
Sustainable management of regional fisheries.	<ul style="list-style-type: none"> Recovery of depleted fisheries stocks.

Outputs

- Advisory services provided and training programmes implemented on more sustainable use of water resources by industrial enterprises and sustainable management of transboundary water resources;
- Information materials, books, reports, brochures, web pages published.

Programme Component C.5: Montreal Protocol

General description

C.15. There is a need to phase out production and the consumption of ozone-depleting substances (ODSs), which are leading to the continuing degradation of human health and the natural environment. The Vienna Convention and the Montreal Protocol provide a response to that need. UNIDO assists the Governments of developing countries that are signatories to the Montreal Protocol to comply with the requirements of the Protocol through projects financed by the Multilateral Fund of the Protocol.

Objective: To transfer non-ODS-based technologies to Article 5 countries within the deadlines of the phase-out schedule in the Protocol and meet the 2007 target in terms of tonnages of chloro-fluorocarbons (CFCs) to be eliminated.	
Outcomes	Performance indicators
Alternative technologies transferred/adopted in enterprises/sectors.	<ul style="list-style-type: none"> • Number of enterprises that have adopted alternative technologies. • Number of tons of ozone-depleting substances eliminated.
Enterprises able to stay in the national/international markets due to adoption of non-ODS-based technologies.	<ul style="list-style-type: none"> • Number of enterprises certified (through ISO and eco-labelling). • Number of jobs maintained/created.

Outputs

- Signing of amendments to the Protocol;
- Proper and timely reports on national ODS consumption to the Secretariat;
- UNIDO projects formulated, approved and implemented to phase out 11,000 tons of ODS and enable certification of 5,600 enterprises;
- Smooth coordination with other implementing agencies;
- Information materials and publications on UNIDO projects.

Programme Component C.6: Stockholm Convention

General description

C.16. There is a need for the Governments that are signatories to the Stockholm Convention on Persistent Organic Pollutants (POPs) to implement legal, organizational, cleaner production and environmental management measures, including substantive technological changes, in order to comply with the requirements of the Convention. The unsustainable patterns of production and use of POPs and persistent toxic substances (PTSs) are causing serious damage to human health and environment. Under this programme component, UNIDO assists developing countries and transition economies to achieve compliance with the Stockholm Convention.

Objective: To increase the capacity of developing and transition economy countries to protect their populations and their environmental resources from POPs-related pollution.	
Outcomes	Performance indicators
Increased capacity of recipient countries to reduce stockpiles of POPs.	<ul style="list-style-type: none"> • Elimination of 20,000 tons of stockpiled POPs through UNIDO projects.
Transfer of best environmental practices (BEP) and best available technologies (BAT).	<ul style="list-style-type: none"> • Introduction of BAT/BEP techniques and methodologies in 30 priority industrial enterprises in 10 countries.

Outputs

- Reports on national implementation plans (NIPs);
- Two demonstration projects for new innovative technologies established;
- Development and use of national capacities on BAT/BEP for POPs and PTSS;
- Advisory missions, training sessions, information materials, reports and publications on the management, control, and removal of POPs/PTSS.

Programme Component C.7: Climate Change

General description

C.17. There is a need to reduce greenhouse gas emissions, which is leading to climate change. The United Nations Framework Convention for Climate Change and the Kyoto Protocol are a response to that need. UNIDO assists the Governments that are signatories to the Protocol to comply with the requirements of both the UNFCCC and the Kyoto Protocol.

Objective: To build capacities in recipient countries to meet their commitments under UNFCCC and Kyoto Protocol, and proactively participate in the clean development mechanism (CDM) and joint implementation mechanisms of the Kyoto Protocol.	
Outcomes	Performance indicators
Transfer of technologies to reduce emission of greenhouse gases (GHGs) in industry.	• Number of tons of carbon dioxide eliminated using cost-effective technologies.
Increased availability of industrial CDM services in, and projects from, host (beneficiary) countries.	• Number of countries having submitted CDM projects.

Outputs

- Creation of necessary enabling environment and increased capacities at the national level for supporting the identification, formulation and promotion of CDM/JI proposals;
- Presentation of CDM projects to technology and carbon investors;
- Seminars, workshops, international reports, publications and other relevant global forum contributions.

Programme Component C.8: Energy and Environment in Agro-Industries

General description

C.18. There is a need for the developing countries to build up a more energy-efficient and environmentally sustainable agro-processing sector, especially in the leather, textile, wood and food industries, as well as a need for sustainable land management to fight desertification and increase land productivity. This component provides technical assistance and advice for capacity-building, technology transfer, enhanced economic productivity, and targeted research in the fields of environmental management.

Objective: To advance environmentally sustainable technologies and practices in the agro-industrial sector, and protect the integrity and functions of natural eco-systems, especially in arid and semi-arid areas.	
Outcomes	Performance indicators
Use of environmentally sustainable technologies and practices by enterprises in the agro-industrial sector.	<ul style="list-style-type: none"> • Number of enterprises having introduced environmentally sound technologies and practices. • Number of effluent treatment plants established/upgraded/made operational. • Quantities of water pollutant discharge reduced.
National capacity to combat land degradation has increased.	<ul style="list-style-type: none"> • Number of national policies adopted. • Number of programmes funded to combat land degradation. • Number of on-the-ground examples of available technologies for rehabilitation of degraded areas, cleaner production systems, etc.

Outputs

- Strengthening of relevant national institutions through an upgrading of technical skills in environmental issues;
- Awareness workshops, seminars and local activities to enhance knowledge and understanding of land degradation and related economic and environmental losses;
- Advisory services for the creation of necessary national infrastructure for relevant R and D, technology transfer, monitoring and evaluation;
- Advisory services for promotion of environment-conscious agro-technologies and processes for sustainable agro-industry production;
- Seminars, workshops, international reports, publications and other relevant global forum contributions.

Programme Component C.9: Regional Priorities, Funds Mobilization and Partnerships

General description

C.19. The various technical components of Major Programme C will be implemented to varying degrees and in varying combinations in all of the regions falling within the scope of UNIDO's technical cooperation activities. This programme component will serve to focus these activities in line with national needs and the coordinated responses agreed upon through the Common Country Assessment/New Partnership for Africa's Development and Poverty Reduction Strategy Papers (CCA/UNDAF and PRSP) processes, optimize their impact through the provision of various field-level support services, and assist in funds mobilization and the facilitation of inter-agency partnerships and joint projects.

C.20. Funds mobilization will focus on: (a) strengthening further the very close cooperation with the Montreal Protocol and the Global Environment Facility for components C.4 to C.7 and (b) strengthening thematic cooperation with key donors on components C.1 to C.3 and C.8, especially on rural and renewable energy, and cleaner and sustainable production. Innovative activities under the Kyoto Protocol and energy efficiency may enable access to new sources of funding.

C.21. In order to strengthen the technology transfer aspects of the Programme, there will be close cooperation with UNIDO's expanding the Investment and Technology Promotion Office (ITPO) network and use of the UNIDO Exchange. This will promote specific environmental and energy-related technologies, and stimulate investment and technology flows from developed countries to developing countries, while also enabling the implementation of clean technology and energy efficiency projects.

C.22. A detailed description of the regional coverage of this Major Programme is given below:

(a) **Sub-Saharan Africa:** In light of the NEPAD strategy and the UNIDO-sponsored African Productive Capacity Initiative (APCI) as its industrial component, UNIDO programmes will aim to boost regional integration and cooperation by facilitating trade, and to improve market access, focusing on the subregional sectoral priorities. Against this background, the priorities of the Major Programme in Africa are as follows:

- To continue to improve power/energy supply at the firm and rural levels, in order to help develop the region's power sector, which in turn is required to boost the export diversification drive;
- To assist in raising productivity by minimizing industrial waste generation and increasing recycling (which will also preserve Africa's natural environment); to introduce environmentally sound and appropriate technologies;
- Given the ever more pressing problems with water, to develop programmes to minimize water consumption during industrial processing, to continue the protection of large marine eco-systems such as the Gulf of Guinea;
- Given that urban waste disposal is a persistent problem in most cities, to promote increased recycling of urban waste, seen also as job creation opportunities for the urban poor.

(b) **Arab countries:** Reflecting the diversity of these countries, the services provided by UNIDO under this Major Programme will vary according to subregion. In the **Eastern Mediterranean subregion**, Governments need to incorporate into their economic development efforts the necessary energy-related and environmental concerns. UNIDO will focus on activities related to rural and renewable energy, industrial energy efficiency, cleaner and sustainable production, water management, and Montreal and other international protocols. In the **Gulf countries**, environmental management and control need to be improved. UNIDO will focus on promoting modern technologies and processes that are cleaner and more environmentally sustainable, both within and outside the framework of the Multilateral Environmental Agreements (MEAs). Protecting water resources from contamination and excessive consumption will be a special area of focus. In **North Africa**, natural resource degradation and depletion, especially water, is an increasingly serious problem. UNIDO will focus on building national capacities to address industrial pollution. In the **Arab LDCs**, UNIDO will focus in supporting employment generation programmes in rural areas and promote the use of renewable energy to support and secure sustainability of productive activities.

(c) **Asia and the Pacific:** The combination of high population density and growth, rapid industrialization and urbanization, and poverty has accelerated environmental degradation and led to a substantial increase in air and water pollution. Other significant environmental problems include land degradation caused by deforestation and inappropriate agricultural practices, water loss, and mangrove clearance for aquaculture. In addition, the natural disasters that regularly hit the region, especially the South Pacific Island States, have had extremely damaging impacts on both the environment and fragile economies.

The diverse characteristics of the region will necessitate a variation in UNIDO activities from one subregion and/or country to another. The more advanced countries such as China, India, and ASEAN-4 will continue to require assistance in the successful implementation of the MEAs. They

also need programmes in energy efficiency, capacity-building and cleaner production. Less developed countries will need assistance in modern technologies for renewable energy, particularly in rural areas, water management with transfer of environmentally-sound technologies (ESTs) as well as capacity-building in cleaner and sustainable industrial production.

(d) **Latin America and the Caribbean:** The network of National Cleaner Production Centres (NCPCs) in the region, particularly in Central America, will continue to be consolidated. Activities related to rural and renewable energy will gather strength, especially in the Andean group countries. In the area of large marine eco-systems, attention will be given to the Humboldt Current and the Gulf of Mexico. As regards the Stockholm Convention, implementation of the national plan is expected in Bolivia, while enabling activities will be carried out in Guatemala and Venezuela.

(e) **Europe and the NIS:** In this region, emphasis will be placed on industrial energy efficiency, since energy wastage is a particularly serious problem, with its roots in the highly subsidized energy prices of the planned economy era. Awareness-building in energy efficiency measures and the introduction of efficient industrial energy systems is, therefore, required. Cleaner and sustainable development also has to be further promoted through the establishment of new NCPCs, using the expertise of the centres developed by UNIDO in the Czech Republic, Hungary and Slovakia, thereby promoting East-East cooperation in the region. Further cooperation will be provided in the area of water management, since industrial effluents are a major source of pollution to rivers. Therefore, the transfer of ESTs is required to improve the water quality of the large river systems in the region as well as the Black Sea and Mediterranean Sea. Finally, in the context of the Stockholm Convention, follow-up projects aimed at the elimination of stockpiles of POPs in the region will have to be formulated on the basis of the great number of national implementation plans (NIPs) developed through the enabling activities projects carried out by UNIDO in the past.

Objective: To achieve optimum results for the programmes and projects implemented under Major Programme C through the use of the UNIDO field network and funds mobilization service, as well as cooperation and coordination with other United Nations agencies through the CCA/UNDAF and PRSP processes, and UNIDO's cooperative agreements with other agencies.	
Outcomes	Performance indicators
Increased efficiency in developing UNIDO programmes and projects in field office and UNIDO Desk locations.	<ul style="list-style-type: none"> • Increase in technical cooperation approvals of country and regional projects.
Increased demand for UNIDO services in the region.	<ul style="list-style-type: none"> • Increased number of requests that are fundable and implementable. • Increased volume of UNIDO activities at the country level.
Increased cooperation among countries of the region.	<ul style="list-style-type: none"> • Number of programmes, projects and policies at the regional and subregional levels.
Adequate availability of funding for programme and project activities under Major Programme C.	<ul style="list-style-type: none"> • An increasing volume of extrabudgetary resources for such activities.

Outputs

- Coordination between UNIDO Headquarters and the field network;
- Field-level support services for programme and project formulation and implementation;
- Allocation of donor resources to projects in accordance with donor agreements.

MAJOR PROGRAMME D: TRADE CAPACITY-BUILDING

General description

D.1. Economic growth, through accelerated growth of industrial productivity and enhanced capacity to trade, is necessary for poverty reduction and improved environmental sustainability in countries at different development stages. This requires a coherent formulation of technical assistance and interventions aimed at technological capital formation, investment deepening and configuration of policy instruments for overcoming constraints and inefficiencies arising from Government and market failures that prevent effective engagement in international economic exchange. The articulation of such technical assistance is undertaken in accordance with the Millennium Development Goals and within the framework of the UNIDO corporate strategy.

D.2. In removing supply side constraints, the focus of enabling services is on improving the necessary preconditions that support manufacture of products with high-export potential; and the provision of assistance in relation to enterprise upgrading, innovation, technology acquisition, investment as well as increasing the capacity to meet international standards, technical requirements and environmental regulations/standards. The introduction of facilitating legislation, policies conducive to growth and institutional reform, and capacity-building services are necessary to create an enabling environment for increased flows of domestic and foreign direct investment (FDI), greater competitiveness, increased industrial capability, enhanced productivity and trade. The strengthening of supply-side capacity encompasses also the identification of export products and those that encounter technical barriers to trade. In addition, the promotion of investment and technology transfer, and international best practices related to process/product upgrading, including quality management, cleaner technology and supply chain management are key to enabling the removal of supply-side impediments. In this matter, attention to ways and means by which developing countries can insert their productive sectors into the global production system is a key variable in the enabling services.

D.3. In addition to restructuring and upgrading the existing industrial base in developing countries, enhancement of productive capacities encompasses investment promotion, technology diffusion, human resource development, private sector development in concert with creating the enabling environment in terms of policy, institutional and infrastructure support. Many developing countries are trapped on the wrong side of the technology divide and the investment gap. Foreign direct investment and the acquisition of progressively higher levels of technology are indispensable elements for the economic transformation that developing countries require in order to achieve sustainable economic growth and eradicate poverty. The efforts to attract FDI are, more often than not, marred by the conspicuous absence of a vibrant domestic investment base in developing countries. A vibrant domestic investment base will emerge only if the private sector is induced to engage in productive activities by encouraging domestic investments. The growth in domestic investments would not only enhance national wealth, but would also spur the demand for foreign capital and technology in an escalating, mutually-reinforcing manner that makes investments demand-driven. The barriers they face include the lack of investment and technology promotion policies, inappropriate legal and regulatory frameworks, inadequate capabilities for investment promotion and technology support institutions as well as the lack of access to potential investors and sources of new technology.

D.4. Small and medium enterprises (SMEs), customarily considered the engine of economic growth in the developing countries, find it difficult to attract investors and access technology. Given their size and relative isolation, they are unable to achieve economies of scale or enter national and global value chains driven by large transnational corporations. At the plant level, their constraints range from limited technical and managerial skills, problems in securing funds and insufficient knowledge of laws and regulations. The complexity of these interrelated issues calls for the design and implementation of effective policies and the development of a coherent set of specialized support institutions to stimulate and promote development such as enterprise development units/centres, incubators/technology parks, as well as local business systems based on SME clusters, networks and private sector partnerships.

D.5. The developing countries have competitive advantages in agro- and natural resources-based industries, yet only a small proportion of these resources are processed at higher manufacturing value-added. Post-harvest losses are widespread due to the lack of storage facilities, infrastructure and knowledge of techniques for conversion and manufacturing. Repair and maintenance facilities for industrial infrastructure are deficient. In addition, the lack of affordable and reliable energy services, especially in rural areas, amplifies the problems. In the final analysis, however, adding value to raw materials is the only proven and sustainable way of creating wealth and securing a greater share in export markets.

D.6. The introduction of good, clean and safe processing technologies, new designs and innovative production practices that meet market requirements would increase the manufacturing value added (MVA) of local products and enhance competitiveness. At present, however, in many developing countries, the requisite support institutions lack the capacity for extension services; professional and sectoral industry and trade associations are weak; and there are few companies able to advise competitively on process and machinery/equipment selection, production planning and control, waste minimization, product mix, choice of raw materials and technical inputs.

D.7. In ensuring improved conformity with market requirements, focus is given to upgrading standards, metrology, testing and quality infrastructure and services. Support is much needed by developing countries to overcome barriers to trade, to meet the requirements of the multilateral trade system and to participate in international standards setting. Furthermore, the establishment, on a national or regional basis, of accreditation/certification systems and national measurement institutions will ensure harmonization with international metrology systems and market surveillance institutions.

D.8. One important area of intervention is to assist developing countries in upgrading the capacity and to be in a position to reach international recognition of local certificates and laboratory analysis, calibration and tests through their insertion in mutual recognition agreements with both industrialized and developing countries. This component is often implemented in cooperation with other international technical organizations, such as the International Accreditation Forum, the International Organization for Standardization, International Laboratory Accreditation Cooperation and other partners from the United Nations system, such as WTO, ITC and UNCTAD.

D.9. In accordance with the strategic orientation outlined above, this Major Programme is composed of the following programme components: D.1 – Competitive Manufacturing; D.2 – Technology Management and Technology Road-mapping and Foresight; D.3 – Supply Public Goods for Technology Diffusion; D.4 - Promotion of Domestic Investment, FDI and Alliances; D.5 – Agro-related Capacity-building Activities; D.6 – SME Export Consortia and Corporate Social Responsibility; D.7 – Strengthening Standards, Metrology, Testing and Conformity Assessment Infrastructure and D.8 – Regional Priorities, Funds Mobilization and Partnerships.

D.10. Of these, programme components D.1 to D.6 will be aimed at improving the competitive ability of developing countries to produce increasing levels of MVA goods and services, and to develop their supply capacity and overcome barriers to market access. This will enable them to take advantage of the opportunities offered by the new world trade order by producing higher levels of value-added manufactured goods for export, and thereby achieve growth and socio-economic development. Programme component D.7 will be aimed at strengthening national and regional conformity assessment systems and services capable of providing producers and markets with the proof of, and confidence in, the conformity of the products in line with established legal specifications and requirements. Support in this field is needed to help developing countries to overcome barriers to trade and to participate in international standards setting. Furthermore, the establishment, on a national or regional basis, of accreditation and/or certification systems, and national measurement institutions will ensure harmonization with international metrology systems, and with market surveillance institutions. Programme component D.8 gives an indication of the regional distribution of the activities foreseen under this Major Programme, and of the funds mobilization and partnership prospects.

D.11. Direction and management will be provided for this Major Programme by the relevant Managing Directors and Directors, as appropriate. This will include both technical and managerial supervision, and will relate to internal guidance provided to UNIDO staff as well as external promotion of UNIDO activities.

Overall objective

D.12. Trade capacity-building is a holistic process. In order to make productive capacities more competitive, more export-oriented and better able to enter into global markets, international production networks and value chains, UNIDO proposes a three-pronged trade capacity-building objectives focusing on the following activities:

- (a) Enhance and support competitive productive capacities able to produce according to market requirements in terms of quality and quantity;
- (b) Strengthen conformity assessment systems and services providing markets with the proof of, and confidence in, the conformity of the products in line with established specifications and market requirements;
- (c) Assist integration of developing countries into the global production system, including the facilitation of cross-border flows of investment and technology and improvement of their IPR regulatory framework.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
62.8	33.3	96.1				
			Staff costs	16,324,180	4,641,675	20,965,855
			Consultants	284,960		284,960
			Meetings	330,600		330,600
			Official travel	454,700		454,700
			Operating costs	203,900		203,900
			RPTC/SRA	3,382,478		3,382,478
			Total gross expenditure	20,980,818	4,641,675	25,622,493
			Income	(114,700)		(114,700)
			Total net resources	20,866,118	4,641,675	25,507,793
Technical cooperation (extrabudgetary)		39,678,000				
			Total resources (including extrabudgetary TC)			65,185,793

Programme Component D.1: Competitive Manufacturing

General description

D.13. In order to offer competitive, safe, reliable and cost-effective products, enterprises have to be restructured and upgraded, supported by investment and technology inflows for process upgrading, as well as by productivity and quality management improvement. Such upgrading enhances sector and firm competitiveness, and translates into greater world market shares in tradeable goods and services.

Objective: To increase productivity through enterprise restructuring and upgrading of technology and improvement of quality.	
Outcomes	Performance indicators
Regional and national quality and productivity centres established.	<ul style="list-style-type: none"> Increased demand for centres' services.
Enterprises productivity and export capacity enhanced.	<ul style="list-style-type: none"> Number of enterprises upgraded. Number of technology centres upgraded. Percentage increase in enterprise manufacturing value added and exports.

Outputs

- Policy advice to Governments, industrial associations and enterprises in developing and implementing industrial restructuring and upgrading programmes, focusing on industries with high value added and large export potential;
- Design and delivery of national capacity-building for industrial restructuring and upgrading, including establishing national upgrading offices and technology and productivity centres, through workshops, training, and study;
- Direct hands-on technical assistance at enterprise level in quality, productivity and upgrading technology on a pilot basis;
- Seminars, conferences and publications to disseminate and replicate the approach, methodologies and tools for enterprise restructuring and upgrading, at national and subregional levels.

Programme Component D.2: Technology Management and Technology Road-mapping and Foresight

General description

D.14. Global value chains require adapted development priorities, policies and related strategies. Technology management, road-mapping and foresight are instrumental to support technology diffusion, national innovation systems, and technology capacity-building. The asymmetric flows of technology can be affected by increasing attention to the institutional basis for determining the direction and pace of technological development through linkages with supply-chains and production networks. This service enables developing countries to get the institutional infrastructure for technology right in order to efficiently translate productive capacity into growth.

Objective: To enhance technology management for improved competitiveness.	
Outcomes	Performance indicators
National capacities in designing and implementing technology management programmes strengthened.	<ul style="list-style-type: none"> Number of institutions strengthened.
Policies and strategies in technology and innovation management developed.	<ul style="list-style-type: none"> Increase in the number of countries performing road-mapping. Number of policies and strategies adopted by Governments.

Outputs

- Seminars and/or training courses on technology management and technology foresight/road-mapping;
- Advisory services on science and technology and innovation policy and relevant action plans;
- Technology foresight sectoral studies;
- Established network groups at the regional/national level in relation to technology foresight;
- Upgraded/developed tools and methodologies related to technology management, road-mapping and technology foresight.

Programme Component D.3: Supply of Public Goods for Technology Diffusion

General description

D.15. An effective institutional infrastructure is needed to deliver the necessary public goods and to translate knowledge, information and capacity-building into enhanced productivity, economic growth and sustainable development. The achievement of such an enabling technology diffusion setup requires technological vision and drive, focused strengthening of institutions, adoption of best practices and best available technologies and compliance with multilateral environmental agreements. The active role of government, knowledge-based institutions and industry is crucial in enabling public goods supply and this subprogramme intends to assist in bringing together all these elements.

Objective: To increase technology diffusion and technology transfer.	
Outcomes	Performance indicators
Institutional capacity of national innovation system strengthened.	<ul style="list-style-type: none"> • Number of R and D institutions strengthened. • Number of new medium/high technology enterprises created.
International and national centres, ITPOs and related networks established and strengthened.	<ul style="list-style-type: none"> • Number of countries establishing centres and ITPOs. • Number of centres adopting new technologies.

Outputs

- Advisory services (needs assessment, institutional capability assessment, external and internal linkages, optimization of resources) for strengthening national innovation systems;
- Established and strengthened international and national technology centres as well as technology parks;
- Support (planning, management, financing, skills development) and advisory services for networking and establishment of technology parks;
- Advisory services and transfer of best international practices in management and operation of centres and ITPOs;
- Training courses for skills development at centres and ITPOs.

Programme Component D.4: Promotion of Domestic Investment, FDI and Alliances

General description

D.16. In developing countries, institutions for provision of public goods for investment promotion and accessing supply chain networks are often weak or do not exist, which means that market failures are often not addressed. It is, therefore, necessary to enable the provision of those public goods. Particular emphasis needs to be put on institutional arrangements and capacity-building for generating public information to facilitate more efficient markets and innovative financial instruments and global outsourcing networks that can diffuse perceived risk and reduce transaction costs through greater transparency.

Objective: To stimulate domestic and foreign direct investment.	
Outcomes	Performance indicators
National capacities in designing and managing policies, strategies and instruments for investment increased.	<ul style="list-style-type: none"> • Number of changes in the regulatory framework favouring investment. • Number of international companies utilizing investment information generated and increase in utilization of investment promotion agency services. • Increase in registered FDI.
Expansion of domestic enterprises linked to global value chains and trade.	<ul style="list-style-type: none"> • Number of international business alliances recorded. • Number of investments generated. • Number of companies participating in the Subcontracting and Partnership Exchange (SPX) network. • Number of countries establishing subcontracting centres.

Outputs

- Data analyzed at the country, subsector and enterprise levels as a basis for capacity-building and policy formulation;
- Existing foreign investor motivations, operations, perceptions and future plans surveyed;
- Domestic companies profiled and bilateral links established with capital exporting countries hosting ITPOs through promotional programmes (seminars and group visits) and targeted promotion (delegates programmes);
- Advisory services (investment policy, strategy and action plan) for IPA and outsourcing centres;
- Training courses on investment tools and methodologies;
- Business alliances promoted through subcontracting centres to facilitate subcontract partnerships and outsourcing;
- Investment forums organized and promoted.

Programme Component D.5: Agro-related Capacity-Building Activities

General description

D.17. The services offered by this component comprise a range of technical assistance interventions and know-how, which encompass:

- (a) Support and advice to official and private sector decision-making bodies on techno-economic development options for strengthening the agro-industrial sector (food, leather, textiles, wood and agro-machinery);
- (b) Capacity-building at the institutional and industry levels to enhance industrial productivity and marketing performance in the agro-industrial sector;
- (c) Support to traditional agro-industries to improve their productivity and increase their integration into global value chains;
- (d) Participation in the work of international organizations and normative bodies, the promotion of research on priority/novel commodities, the preparation of training manuals and tool kits for agro-processing/technologies, and the dissemination of agro-industrial information for decision-making.

Objective: To strengthen forward and backward agro-industrial linkages.	
Outcomes	Performance indicators
Enterprise productivity and competitiveness improved.	<ul style="list-style-type: none"> • Reduction in production cost. • Number of new products designed/developed. • Percentage of by-products processed.
Capacity built in the area of food hygiene and safety through implementation of good hygiene practices and hazard analysis and critical control point systems in the food industry and establishment of food safety systems that are based on risk analysis and risk prevention, and traceability.	<ul style="list-style-type: none"> • Number of providers of support services strengthened.

Outputs

- Support and advisory services to relevant government bodies, professional associations and manufacturers;
- Professional education and training, and establishment and/or strengthening of industry support institutes and information centres;
- Assistance to enterprises in introducing improved technologies;
- Seminars, workshops, international reports, publications and other relevant global forum contributions.

Programme Component D.6: SME Export Consortia and Corporate Social Responsibility

General description

D.18. An important aspect of competing in today's globalized economy is obtaining access to global markets. This is difficult for SMEs, because they operate in isolation and therefore find it difficult to integrate into global trade and to access fast-growing export markets. However, by forming networks of trade-oriented SMEs or export consortia, often within existing broader clusters of SMEs, joint actions can be promoted to enhance their export competitiveness.

D.19. Small and medium enterprises also find it difficult to comply with the high standards set by international markets, including the increasingly stringent environmental and social standards. Demonstrated conformity to those standards and norms can offer enhanced market access, while non-compliance can pose an effective non-tariff barrier. In developing countries SMEs require support in understanding, and responding to, the corporate social responsibility (CSR) strategies of large corporations, in order to be able to participate in global value chains and thereby enjoy the benefits of international trade.

Objective: Improved access of SMEs to global markets.	
Outcomes	Performance indicators
Increased export capacity of SME consortia.	<ul style="list-style-type: none"> • Number of countries with an improved policy and legal framework supporting export consortia and trade-oriented networks. • Number and results of export consortia support programmes. • Firm-level export productivity performance indicators (e.g. increased sales, exports, market share).
Increased awareness and response capacity of SMEs to meet the economic, social and environmental standards required in global value chains.	<ul style="list-style-type: none"> • Number of institutions supporting SMEs in CSR and business partnership programmes (BPP). • Number of BPP programmes implemented and number of SMEs benefiting from CSR and BPP support measures. • Firm-level export and productivity performance indicators (e.g. increased sales, exports, market share).

Outputs

- Workshops and study tours to increase awareness of policy-makers and manufacturers;
- Seminars and training programmes for institutions to enable them to provide the required information and services to SMEs;
- Advice to policy-makers and private sector institutions;
- Pilot projects to demonstrate the operation of export consortia and CSR;
- Tools for use by support institutions and SMEs in establishing and operating export consortia and promoting CSR;
- Publications and presentations to disseminate the lessons learned from individual projects and improve best practices.

Programme Component D.7: Strengthening Standards, Metrology, Testing and Conformity Assessment Infrastructure

General description

D.20. The capacity of developing countries for the development and dissemination of, and compliance with, standards has to be enhanced. ISO 9000, ISO 14000 and HACCP are some of the system standards that exporters need to develop if they want to enter many foreign markets. Product traceability to ensure information on the source of the product is also becoming an important issue that producers have to comply with in order to be able to enter regional or international markets. Developing country manufacturers need to develop systems at enterprise level to comply with these new management standards, requiring significant assistance in related capacity-building. Global awareness-building on the issue and dissemination of the necessary know-how is also an urgent need.

D.21. Moreover, products entering global markets have to be tested against international standards and conformity assessment requirements. However, the onus of providing proof of conformity with the standard is vested with the developing country producer accessing the market. This requires developing countries to have testing laboratories, which can test products and samples for compliance to international standards. Further, to enable precision manufacture and to comply with stringent quality requirements, developing countries and economies in transition require well-developed metrology infrastructure, having calibration facilities that can establish measurement and traceability chains to the international SI units. Providing the evidence of conformity dictates that developing countries should have the institutional and legal framework for standards, metrology, testing and quality (SMTQ).

D.22. The latest phase in environmental policy in the developed countries focuses on products instead of on the production processes. In particular, there are a growing number of standards on such issues as the efficiency of energy-consuming products (such as electric motors and household appliances), the use in products of toxic or hazardous chemicals and materials, and the recyclability of products. In the broader context of enterprises in the developing countries, lacking: (a) information about upcoming energy and environment-related standards in the importing markets; (b) the capacity to conform to new standards set by the importing markets; and (c) the infrastructure to ensure and document compliance with such standards, UNIDO is placing increasing emphasis on giving them assistance to conform to new energy and environment-related standards and to document that conformity.

Objective: To strengthen national capacities for standards, metrology, testing, quality assurance, and conformity assessment.	
Outcomes	Performance indicators
Capacity of standardization bodies strengthened and compliant with WTO technical barriers to trade/sanitary and phytosanitary (TBT/SPS) requirements.	<ul style="list-style-type: none"> • Increase of regulatory standards adopted. • Increased number of countries participating in global standard setting activities.
Laboratory capacity for sampling inspection material, product testing and industrial and legal metrology strengthened.	<ul style="list-style-type: none"> • Increased demand from enterprises for laboratory services. • Increased number of laboratories with enhanced calibration capability.
Capacity of accreditation bodies for the accreditation of testing laboratories and certification bodies strengthened.	<ul style="list-style-type: none"> • Number of accreditation bodies recognized by IAF and ILAC. • Number of mutual recognition agreements signed.

<i>Outcomes</i>	<i>Performance indicators</i>
Capacity for product traceability regulatory compliance developed.	<ul style="list-style-type: none"> • Number of countries/sectors having proven traceability systems in place.
SMEs having capacity to comply with energy and environmental-related standards and technical regulations.	<ul style="list-style-type: none"> • Number of standards disseminated. • Number of SMEs complying with new energy and environmental standards.

Outputs

- Provision of advisory services to SMTQ institutions;
- Advisory support to strengthen standards setting capacity and greater participation in international standard setting;
- Technical advisory services, equipment and training to upgrade metrology and testing laboratories to demonstrate product compliance to standards and technical regulations;
- Advice and training in setting up national accreditation and certification infrastructure;
- Promoting MRAs and peer evaluation mechanisms, creating recognized conformity assessment infrastructure, capable of supporting the exports;
- Provision of advisory services for greater compliance of production processes to environmental and energy-related standards and technical regulations;
- Advisory services for capacity-building leading to strengthened compliance with the WTO agreements on TBT and SPS;
- Guidelines, methodologies and software packages to improve capacity of monitoring and increase business performance.

Programme Component D.8: Regional Priorities, Funds Mobilization and Partnerships

General description

D.23. The various technical components of Major Programme D will be implemented to varying degrees and in varying combinations in all of the regions falling within the scope of UNIDO's technical cooperation activities. This programme component will serve to focus these activities in line with national needs and the coordinated responses agreed upon through the CCA/UNDAF and PRSP processes, optimize their impact through the provision of various field-level support services, and assist in funds mobilization and the facilitation of inter-agency partnerships and joint projects.

D.24. During the biennium, funds mobilization efforts will aim at increasing the coverage of, and contributions to the trade capacity-building trust fund, established during the International Conference on Financing for Development, and will expand further thematic cooperation with individual donor Governments and the European Union on this high priority. Special attention will be given also to the expansion of funding from host countries for the ITPO network and the overall investment and technology promotion activities.

D.25. In addition, it is intended to integrate the activities of the ITPO network closer in the overall investment and technology components, especially in the context of the next generation of integrated programmes that should more systematically integrate the extensive potential offered by the network. Special attention will be given to promoting in developed countries the opportunities generated by and in connection with these integrated programmes, especially those focused on the development of trade capacities and sector/enterprise upgrading. Highly focused investment forums and other high visibility events are planned by and in cooperation with the network in order to increase the flow of investment and technology into developing countries. The on-line databases and partnership brokerage facilities of the UNIDO Exchange will be expanded and further integrated in the work of the investment and technology programme and the ITPO network, as a major tool to integrate activities under different programmes and increase effectiveness and impact.

D.26. A detailed description of the regional coverage of this Major Programme is given below:

(a) **Africa:** It is considered most important for Africa to expand and diversify its exports to achieve economic and industrial growth. In this regard, UNIDO initiatives are critical to equip the region with the capacity to improve competitiveness and with the ability to conform to international standards and norms and also to ensure that the enterprises are able to connect to the markets. A slow but gradual positive trend is reflected in the region's ability to improve trade performance. In this regard, the NEPAD strategy and the APCI framework will ensure that UNIDO's technical cooperation activities will help to promote regional integration and cooperation to promote market access and to provide the necessary climate to attract foreign investment. The Programme will enhance integration of the regional economic communities for increased market access, remove barriers to trade, develop e-business and help the beneficiary countries to diversify their export base. The Programme will contribute towards reducing trade impediments, promote the harmonization of industrial, trade and technology policies, reduce bottlenecks for FDI and help to ensure conformity and compliance with industrial standards and environmental norms.

(b) **Arab countries:** There is a need for the Governments in the **Eastern Mediterranean subregion** to undertake a considerable restructuring of selected industrial subsectors and of local enterprises that can develop an adequate export potential. It may also be necessary to develop new competitive technologies and innovative applications, especially at the level of increasingly export-oriented enterprises. In addition, efforts need to be directed towards entrepreneurship and investment promotion. This will help to achieve sustainable growth, but will require a stable macro-economic climate and competitive, liberalized markets. The right approach to economic development and reform sees a key role for Governments, in partnership with businesses, to provide the right environment for business development. UNIDO's interventions will be oriented towards activities related to capacity-building for production and export, including investment and technology promotion, business partnership programmes, SME export consortia, product innovation and diversification for enhanced market access. In addition, UNIDO will promote capacity-building for market access and conformity assessment by providing services in the field of standards, metrology, testing, quality management, accreditation and certification.

National policies and the international operations of local enterprises in the **Gulf subregion** need to play a key role in determining the pattern of globalization in this region. In certain countries and subsectors, FDI will be of crucial importance. In other situations, alternative forms of participation may be more appropriate and successful, ranging from joint ventures to technology licensing and contractual arrangements for technology, marketing and other services. Gulf countries also need to ensure that potential exporters have the necessary supply capacity in place, including access to investment funding, and the "right" production technology. Gulf enterprises could benefit greatly from critical support services to enable them to meet export standards and technical requirements and regulations, raising their productivity and competitiveness to international levels and enabling them to reach export markets.

The overall objective of the Programme for this subregion will be to strengthen the capacity of the Gulf countries to raise their productivity so that they can compete in the global market and benefit from the trade opportunities presented to them under the open rule-based trading system. To this end, the Programme will focus on three broad categories of interventions: capacity-building in standards, metrology, testing and accreditation to overcome WTO constraints such as TBT/SPS; enhancing the competitiveness of Gulf enterprises through quality and productivity improvements, and supporting the development of mechanisms to assist them in accessing global subcontracting and supply chains and networks; and investment and technology promotion. This intervention could be linked to or considered as a part of the SME development programmes presented in Programme E.

The future orientation of UNIDO towards the *North Africa subregion* will reflect the challenges posed by the gradual establishment of a Euro-Mediterranean free-trade area by 2010 to the local industrial sector. The free-trade area foresees free trade in manufactured goods and a progressive liberalization of trade in agricultural products. Manufacturers and exporters in Arab North African countries will increasingly need business information as well as the services of accreditation and certification bodies, testing laboratories and inspection agencies to be able to do business and compete in export markets. Standards and technical regulations in place at home and in export markets represent indispensable information in strategic planning, design of products, preparation and operation processes and maintenance of an acceptable quality level. At the same time, the export base of all but the most highly industrialized of the Mediterranean Arab countries is still too narrow and/or reliant on low-level processing; therefore, also their supply capacity needs to be addressed. UNIDO technical assistance intends to address in a coherent manner the two broad and interrelated problems of facilitating trade and increase competitiveness of local industries. UNIDO's interventions will, therefore, aim at the modernization/improvement of priority industrial sectors (textile, food, leather) through upgrading programmes and at strengthening the capabilities of local institutions to facilitate competitive trade expansion (establishment of export consortia, quality, metrology, standards and certification services).

In the *Arab LDCs*, UNIDO will pay special attention to SMEs, promoting investment and technology flows into the productive sectors, entrepreneurship development (with emphasis on rural and women's entrepreneurship), networking and effective clustering among SMEs, strengthening of agro-based and agro-related industries.

(c) *Asia and the Pacific:* The region has one of the highest rates of economic growth in the world, which has largely been fuelled by industrialization and international trade. Over the past decades, the shares of the industrial and services sectors in the region's total GDP have increased significantly, while the share of the agricultural sector has declined. In 1960, 75 per cent of working Asians were employed in agriculture; by 1990, this share had fallen to 62 per cent. Over the same period, the share of people working in industry grew from around 15 to 21 per cent.

However, the pace of industrial development and trade liberalization varies significantly between the countries of the region due to such factors as differences in the availability and quality of resources, size of domestic markets, geographical location, human resources and government policies. Many developing countries in the region, in particular the LDCs and the Pacific Island countries, could not reap the benefits of globalization and trade liberalization due mainly to lack of competitiveness of their export products in the world markets. There is also a severe shortage of investment, both local and foreign, in many developing countries. These countries are in dire need of technical assistance in building their trade and investment promotion capacity and enhancing the quality of their export products so that they may be able to participate meaningfully in world trade and gain access to global markets. Programmes such as the establishment/enhancement of a standards, metrology and certification infrastructure, supply chain management, information networking, enhancing capacity of investment-related institutions, regulatory frameworks for investment promotion and technology development and transfer will be the focus area for these countries.

(d) **Latin America and the Caribbean:** Within this region, the components aiming at production and export capacity-building, i.e. investment and technology promotion, private sector development and agro-industries, will be of particular relevance to the Andean countries and Central America. The same groups of countries will also benefit from technical services related to capacity for market access and conformity assessment through the application of the industrial competitiveness and trade service programme components.

(e) **Europe and the NIS:** In the developing transition countries of Central Asia and the Caucasus, the promotion of FDI into the manufacturing sector is important to raise employment. Assistance is required to support national investment-related institutions and policy advice to create regulatory frameworks conducive to attracting FDI.

D.27. UNIDO will continue to expand the regional programme on technology foresight, which has become a service of high demand in the region to support the formulation of technology policies and strategies that guide the development of the technological infrastructure, and to provide incentives and assistance to enterprises in technology management and technology transfer, leading to enhanced competitiveness.

D.28. The regional programme to increase e-productivity and quality will be further expanded. The programme is promoting the use of information and communication technologies (ICT) to make enterprises, in particular SMEs, better fit for the e-economy and increase their competitiveness.

D.29. To enable enterprises in the region to participate in global value chains and export markets, UNIDO is expected to launch a regional programme to promote CSR as a business and management concept that is improves not only profits, but also the environmental and social impact of enterprises.

Objective: To achieve optimum results for the programmes and projects implemented under Major Programme D through the use of the UNIDO field network and funds mobilization service, as well cooperation and coordination with other United Nations agencies through the CCA/UNDAF and PRSP processes, and UNIDO's cooperative agreements with other agencies.	
Outcomes	Performance indicators
Increased efficiency in developing UNIDO programmes and projects in field office and UNIDO Desk locations.	<ul style="list-style-type: none"> • Increase in technical cooperation approvals of country and regional projects.
Increased demand for UNIDO services in the region.	<ul style="list-style-type: none"> • Increased number of requests that are fundable and implementable. • Increased volume of UNIDO activities at the country level.
Increased cooperation among countries of the region.	<ul style="list-style-type: none"> • Number of programmes, projects and policies at the regional and subregional levels.
Adequate availability of funding for programme and project activities under Major Programme D.	<ul style="list-style-type: none"> • An increasing volume of extrabudgetary resources for such activities.

Outputs

- Coordination between UNIDO Headquarters and the field network;
- Field-level support services for programme and project formulation and implementation;
- Allocation of donor resources to projects in accordance with donor agreements.

MAJOR PROGRAMME E: POVERTY REDUCTION THROUGH PRODUCTIVE ACTIVITIES

General description

E.1. Reducing poverty is a shared objective of the international community. The Millennium Declaration of the United Nations stipulates the target of halving the proportion of the world's poor, whose income is less than one dollar a day, from 29 per cent to 14.5 per cent of all people in low- and middle-income economies by 2015 (MDG 1). A closely-related goal of the Millennium Declaration is to promote gender equality and empower women as effective ways to combat poverty, hunger and disease (MDG 7). This Major Programme responds to this challenge and will emphasize UNIDO support to those countries lagging behind in achieving the poverty goal of the Millennium Declaration.

E.2. While recognizing the challenge constituted by the urban poor, it is rural development, and regionally balanced development in general, which must be regarded as key elements of strategies to reduce poverty and create productive activities that provide income and employment opportunities for the poor. The dynamic transition from agricultural to industrial production is a major driving force of economic and technological transformation and often marks the beginning of the path out of poverty. In this context, the diversification towards rural non-farm activities, initially based on the processing of agricultural resources, is of crucial importance. The promotion of decentralized industrial development patterns can stem from rural-urban migration, bring employment opportunities to rural areas, reduce regional income disparities, and thus fight poverty at its very source. Therefore, emphasis needs to be placed on building up and strengthening productive capacities through micro, small and medium enterprises, a process in which women play a major role. The main challenge is to stimulate income-generating productive capacities with a view to promoting sustainable local markets, as a platform for subsequent regional and ultimately global export activities.

E.3. In this context, the provision of affordable energy for productive use and income generation as well as the provision of safe water for both human and commercial consumption are essential elements.

E.4. Above all, African countries and the least developed countries (LDCs) continue to be in dire need of international support to reduce widespread poverty and trigger a sustainable growth process. Without a robust industrial base, African countries in general and LDCs in particular will remain disadvantaged and dependent on declining prices of natural resources and on largely agricultural, rural-based economies. Unless these countries exploit the long-term growth opportunities offered by industrial development, they will be unable to achieve the Millennium Development Goals.

E.5. In particular, industrial development plays a significant role in bringing about the much-needed structural change that can set the economies of poor countries on a sustained economic growth path. It is industry—more than any other productive sector—that provides a breeding ground for entrepreneurship, promotes business investment, fosters technological upgrading and dynamism, improves human skills and creates skilled jobs, and through inter-sectoral linkages establishes the foundation for both agriculture and services to expand. All these factors contribute to sustained productivity improvements, which alone can make a dent on poverty and contribute to an increase in the living standards in poor countries. In a nutshell, unless competitive production facilities are built up, unless supply-side capacities are created, unless domestic entrepreneurship is nurtured and linked to international investment and technology flows, developing countries will be unable to reduce poverty in a sustainable manner.

E.6. UNIDO's response to the global poverty challenge, as laid down in the Organization's medium-term programme framework, 2004-2007, and in the corporate strategy, assigns a key role to the build-up of local productive capacities in a private sector-led, bottom-up growth process driven by SMEs, with special emphasis on agro-industries. Thus, the UNIDO corporate strategy proclaims that:

“Promotion of small- and medium-scale enterprises is key to fostering business activities. This is particularly the case of the agriculture-based economies in Africa and LDCs, where most of the poor are living, and for which the development of an SME agro-industrial sector would contribute to poverty alleviation ... Small enterprises constitute the seedbed for entrepreneurship which is crucial to the process of increasing productivity.”

And as stated in the medium-term programme framework, 2004-2007:

“A vibrant private sector — with enterprises making investments, creating jobs and improving productivity — promotes growth and creates opportunities for poor people. In developing countries and transition economies, it is the local firms — small and medium enterprises (SMEs) — which are responsible for most economic activity.”

E.7. On the one hand, there are modern SMEs in the developing countries that need to be nurtured into efficient and competitive enterprises. These can greatly enhance their productivity and growth potential if they network with other firms to address common problems and achieve economies of scale and scope. On the other hand, there are countless micro enterprises, mostly in the informal sector, which provide employment to poor people, especially women. For these, basic entrepreneurial, managerial and technical support can make the difference between continued stagnation or being placed on a path of upgrading and growth.

E.8. In accordance with the strategic orientation outlined above, this Major Programme is composed of the following programme components: E.1 – SME Enabling Framework and Institutional Support; E.2 – Rural and Women’s Entrepreneurship Development; E.3 – SME Cluster Development; E.4 – Development of Agro-Industries; E.5 – Rural Energy for Productive Use; E.6 – Mitigating Industrial Water Pollution for Poor Communities and E.7 – Regional Priorities, Funds Mobilization and Partnerships.

E.9. Direction and management will be provided for this Major Programme by the relevant Managing Directors and Directors, as appropriate. This will include both technical and managerial supervision, and will relate to internal guidance provided to UNIDO staff as well as external promotion of UNIDO activities.

Overall objective

E.10. The overall objective of the Major Programme is to increase economic growth, create employment, generate income and reduce economic and social disparities through fostering private sector driven entrepreneurship.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
43.3	20.1	63.4				
			Staff costs	11,538,081	2,638,425	14,176,506
			Consultants	131,210		131,210
			Meetings	102,050		102,050
			Official travel	241,960		241,960
			Operating costs	96,010		96,010
			RPTC/SRA	6,525,679		6,525,679
			Total gross expenditure	18,634,990	2,638,425	21,273,415
			Income	(57,900)		(57,900)
Technical cooperation (extrabudgetary)		20,045,000	Total net resources	18,577,090	2,638,425	21,215,515
			Total resources (including extrabudgetary TC)			41,260,515

Programme Component E.1: SME Enabling Framework and Institutional Support

General description

E.11. Framework and institutional interventions are needed to harness the full potential of entrepreneurship and SMEs for improved economic performance. In many cases, however, framework conditions are biased against SMEs. This bias usually arises from policies that in themselves are not specifically aimed at SMEs (such as fiscal and labour policies) and from complex regulatory frameworks. This programme component aims at building national capacities to design a coherent SME enabling framework linked to broader economic and social goals, to monitor the needs of the SME sector as well as the impact of different support measures, and to produce information on a systematic basis to support effective policy formulation. Support is also provided to creating and/or strengthening the most appropriate institutional infrastructure for SME strategy formulation and implementation as well as for extending business information and development services (BDSs) to SMEs within a market development perspective.

Objective: To improve the enabling environment and institutional framework for SMEs.	
Outcomes	Performance indicators
Enhanced capacity of public and private sector bodies to formulate and implement national and regional policies, strategies and support programmes to promote SME development.	<ul style="list-style-type: none"> Number of effective national and regional policies, strategies and programmes to promote SME development accepted and/or adopted by government.
Regulatory frameworks (laws, administrative procedures) in place.	<ul style="list-style-type: none"> Number and types of newly introduced, conducive laws and procedures.
Sustainable BDSs offered by private and public institutions, such as business counselling, referral, loan packaging and training.	<ul style="list-style-type: none"> Number of SMEs utilizing and benefiting from BDSs.
Demand-driven information and ICT support services available to SMEs in an easily accessible and affordable manner.	<ul style="list-style-type: none"> Number of SMEs making use of the services provided by one-stop shops and rural ICT access points.

Outputs

- Workshops, seminars, and study tours to provide information and training to government departments and their institutional partners (in the public and private sector) to enable them to formulate, implement and monitor effective SME policies and programmes;
- Advice and support to public and private institutions to establish public-private sector consultative mechanisms to enhance dialogue between business representative organizations and public bodies; and to enhance the competency of business representative organizations to participate actively in strategy dialogue;
- Advice and training for officials on specific policy issues or processes related to the SME enabling environment and institutional framework;
- Publications and presentations on experiences in these interventions in order to disseminate lessons learned and best practices on SME enabling environment and institutional frameworks for SME promotion;

- Pilot projects to demonstrate the use and impact of programmes, such as those encouraging service providers to offer demand-driven and cost-effective BDSs to SMEs, or those that assist institutions to prepare business plans for sustainable, commercially operating national one-stop-shops and rural ICT access points for SME business information and ICT services;
- Tools and materials that help public and private institutions effectively promote the development of an SME enabling environment.

Programme Component E.2: Rural and Women's Entrepreneurship Development

General description

E.12. Up to two billion of the world's poor live in rural areas, out of which 60 per cent are women and girls who need to diversify the sources of their household income to non-agricultural economic activities with higher returns in order to climb out of poverty. This programme component provides assistance to improving entrepreneurial and technical skills of rural and women entrepreneurs, through strengthening support institutions and service providers, as well as to improve the administrative and regulatory environment to encourage entrepreneurship among women and rural communities.

Objective: To improve the managerial and technical capabilities of rural and women entrepreneurs.	
Outcomes	Performance indicators
Entrepreneurial culture spread in agrarian societies.	<ul style="list-style-type: none"> • Number of new enterprises.
Improved performance of rural enterprises, particularly those operated by women.	<ul style="list-style-type: none"> • Impact at enterprise level, e.g. employment, sales, productivity.
Increased self-help programmes at the community level.	<ul style="list-style-type: none"> • Number of civil society organizations created or strengthened. • Number and type of self-help programmes operated.
Outcomes	Performance indicators
Effective approaches and methodologies for rural and women's entrepreneurship promotion replicated.	<ul style="list-style-type: none"> • Number of countries where the UNIDO approaches and methodologies for rural and women's entrepreneurship development are applied.

Outputs

- Training programmes, and improved tools and methodologies to enable support institutions to conduct entrepreneurial and technical skill development programmes;
- Training programmes, and advice to enable civil society organizations at community level to play advocacy roles and to operate business support services on a self-sustaining basis;
- Information and training programmes to make provincial and rural community authorities aware of need to reduce administrative and social barriers for establishing and operating micro and small enterprises;
- Improved methodologies and tools to promote rural and women's entrepreneurship;
- Pilot projects to demonstrate the use and impact of rural and women's entrepreneurship training programmes.

Programme Component E.3: SME Cluster Development

General description

E.13. SMEs are a crucial element of a balanced economic system and a major source of basic goods, productive employment and income for the poor. SMEs in developing countries, however, suffer from numerous obstacles to growth due to their functional isolation from other enterprises and support institutions. A cluster development strategy can help SMEs to overcome those obstacles and provide them with competitive advantages unattainable by individual enterprises. This programme component provides assistance in designing and implementing cluster development strategies and initiatives aimed at promoting local economic systems where firms can network, complement their capabilities and increase their access to resources and markets, within a conducive institutional environment. Furthermore, capacity-building training programmes are provided for relevant Government institutions, private sector associations and other organizations, including cluster-to-cluster cooperation activities.

Objective: To improve the performance of SME clusters.	
Outcomes	Performance indicators
Increased capacity of government institutions, trade associations, or other organizations to design and implement SME cluster and network development programmes.	<ul style="list-style-type: none"> Number of cluster and network development initiatives in developing countries.
Increased networking among SMEs, and increased vertical linkages between SMEs and large-scale enterprises.	<ul style="list-style-type: none"> Number of SME networks and their integration in the cluster. Number of vertical linkages.
Improved capacity of SME associations.	<ul style="list-style-type: none"> Number of SME associations strengthened.
Improved competitiveness of SMEs in the clusters.	<ul style="list-style-type: none"> Enterprise-level performance indicators.

Outputs

- Tailor-made training programmes and pilot projects to help policy-makers and SME support providers operate and demonstrate the impact of cluster development initiatives;
- Training programmes to develop a supply of skilled professionals on cluster and network development approaches and experiences; joint learning opportunities for cluster representatives and brokers from developing countries;
- Methodologies and operational tools to support the implementation of cluster development initiatives with a specific focus on poverty reduction;
- Publications and presentations on lessons learned and best practices made available to policy-makers and potential support providers related to benefits of cluster and network development, policies and methodologies for their promotion.

Programme Component E.4: Development of Agro-industries

General description

E.14. This programme component offers technical assistance and advice combined with direct interventions to build institutional support infrastructures for agro-based industries with the main purpose of improving their competitiveness, flexibility and productivity, particularly in rural areas. The interventions build on commodities and the related secondary agro-processing industries with emphasis on food (e.g. fish, meat, dairy, vegetable oils) and non-food (wood and non-wood forest products, textiles and garments, leather and skins) products. Techno-economic support to pilot rural agro-enterprises will be provided, which will result in smoother production flows; improved product quality; waste minimization and by-product utilization, and improved packaging.

E.15. Through the establishment of regional centres of excellence in food processing, safety/quality control, packaging, labelling, testing standards, agro-machinery, by-products utilization, etc., higher productivity and efficiency will be achieved; product quality will be improved with a lower share of rejects; resource utilization and value addition will be higher and post-harvest losses will be reduced. As a cross-cutting service, technical assistance is also provided for developing the agricultural machinery manufacturing sector by establishing rural technology centres for technology transfer and appropriate repair and maintenance of basic agricultural tools and agro-processing equipment in rural areas. Thus, this programme component impacts not only urban agro-industries, but has a strong outreach to poor and marginalized rural population groups.

Objective: To improve the competitiveness, flexibility, and productivity of agro-based industries.	
Outcomes	Performance indicators
Agro value chain efficiency enhanced.	<ul style="list-style-type: none"> • Number of enterprises with new processing capacity. • Number of people trained and established in business. • Post-harvest losses reduced.
Improved agro-processing technologies and physical infrastructure.	<ul style="list-style-type: none"> • Number of rural technology centres established and type of services rendered.

Outputs

- Establishment and/or strengthening of regional centres of excellence for agro-processing and/or rural technology centres;
- Techno-economic support provided to pilot rural agro-enterprises through the introduction of appropriate/improved technology and upgraded skills;
- Seminars, workshops, international reports, publications and other relevant global forum contributions.

Programme Component E.5: Rural Energy for Productive Use

General description

E.16. Energy is an essential building block for sustainable development and fighting poverty. While the Millennium Development Goals do not specifically contain an energy component, the provision of safe and affordable energy is an important, if not vital, condition for achieving the majority of the eight Millennium Development Goals.

Objective: To develop modern energy services for income-generating activities in rural areas.	
Outcomes	Performance indicators
Utilization of modern energy services.	<ul style="list-style-type: none"> • Number of new/enhanced activities. • Increased quality and/or quantity of rural goods produced.

Outputs

- Rural farming communities equipped with adequate powered water pumping;
- Rural community schools connected to the mini grid; community ICT equipment and household lighting systems installed;
- Fuel wood/charcoal used for basic energy needs replaced by renewable and/or more efficient energy sources;
- Information materials, books, reports, brochures, web pages are published; advisory services provided and training programmes implemented.

Programme Component E.6: Mitigating Industrial Water Pollution for Poor Communities

General description

E.17. Roughly a third of the world's rural population is without safe drinking water sources. Expanding rural water supply, together with sanitation, must be considered as integral to broader poverty reduction efforts. The rural poor generally do not pay for water with cash, but with time and energy spent fetching water, especially by women and girls. Thus, along with other measures, improving the accessibility of safe drinking water can contribute to boosting rural welfare and incomes.

Objective: To apply sustainable technologies for provision of safe drinking water.	
Outcomes	Performance indicators
Utilization of arsenic-filtering equipment at the household level.	<ul style="list-style-type: none"> • Reduction in arsenic content in drinking water.
Adoption of cleaner technologies for ore processing adopted by artisanal gold mining communities.	<ul style="list-style-type: none"> • Number of miner families trained in the use and benefits of cleaner ore-processing technologies. • Quantity of mercury and other persistent toxic substances released per unit of product.

Outputs

- Community households equipped with adequate arsenic filtering equipment;
- Artisanal gold mining communities trained and equipped with technologies to reduce health and environment exposure to mercury;
- Reduced use of mercury by small-scale gold miners and more sustainable use of the remaining amounts;
- Information, materials, books, brochures, web pages published; advisory services provided and training programmes implemented.

Programme Component E.7: Regional Priorities, Funds Mobilization and Partnerships

General description

E.18. The various technical components of Major Programme E will be implemented to varying degrees and in varying combinations in all of the regions falling within the scope of UNIDO's technical cooperation activities. This programme component will serve to focus these activities in line with national needs and the coordinated responses agreed upon through the CCA/UNDAF and PRSP processes, optimize their impact through the provision of various field-level support services, and assist in funds mobilization and the facilitation of inter-agency partnerships and joint projects.

E.19. During the biennium, funds mobilization efforts for this Major Programme will aim mainly at increasing the involvement and contributions of the governmental donors to UNIDO. Special attention will be given, in close cooperation with the technical programme components, to improving the understanding of donors of the high potential contribution that industrial activities can make to the achievement of the MDGs. It is expected that a major focus will be on the joint UNDP/UNIDO private sector development programme and the new opportunities this provides for mobilizing funds at the field level as well as at the donor headquarters. Another special opportunity for mobilizing funds will be presented by the APCI and the related facility, for which a trust fund is being established.

E.20. During the biennium, it is intended to utilize the opportunities of the ITPO network also within this programme, mainly aiming at finding partners for successful clusters, most likely in the context of integrated programmes. Especially under the joint private sector development programme with UNDP which, *inter alia*, aims at strengthening the involvement of the private sector the network may provide good opportunities for identifying the right partners. It is planned to also utilize the facilities of the UNIDO Exchange, on the one hand to better promote UNIDO tools and approaches, on the other hand to provide the small-scale enterprises involved in UNIDO programmes to present their products to the global market place.

E.21. A detailed description of the regional coverage of this Major Programme is given below:

- (a) **Sub-Saharan Africa:** Industrial development represents an essential strategy for overcoming Africa's economic challenges, and has been adopted by NEPAD as an effective way of reducing unemployment, increasing productivity and enhancing the income-generating assets of the poor. The industrial base remains weak in sub-Saharan Africa, and the region lags behind with respect to manufacturing activity and the level and speed of industrialization.

With the launching of NEPAD and the endorsement of the UNIDO-sponsored African Productive Capacity Initiative (APCI) as the industrial component of the NEPAD strategy, UNIDO programmes will boost national and regional initiatives and cooperation in line with the established sectoral priorities. Using the value chain approach, African economies will be supported towards integration

in subregional, and ultimately, global production networks, with emphasis on mobilizing the full involvement of the private sector and forging public/private partnerships.

The region's greatest potential lies in the agro-industry sector with the food, leather, textile and wood sectors having been identified by NEPAD and APCI as the priority subsectors. UNIDO integrated programmes in the region will progressively contribute towards building the productivity and capacity of these sectors to accelerate their competitiveness. Emphasis will be placed on entrepreneurship development, managerial and technical skill upgrading, quality improvements, application of appropriate technology and diversification into higher value-added activities.

(b) **Arab countries:** Poverty reduction is a major challenge of the *North African subregion and the Arab LDCs*, which depend heavily on the creation of employment opportunities. In most countries, unemployment represents a severe problem, especially among youth and the educated. Emphasis will be placed on entrepreneurship development (with special focus on rural and women's entrepreneurship), the development of horizontal and vertical SME networks for ensuring job creation and income generation, and the strengthening of agro-based and agro-related industries.

A key part of the development process in the *Eastern Mediterranean subregion* will be played by SMEs. The vast majority of manufacturing businesses in this subregion fall into this category and they are the major source of private sector employment and economic growth. Governments and the private sector in this subregion will be supported by UNIDO to help business close the performance gap with their international competitors. UNIDO's involvement will be oriented towards increasing productive capacities in the manufacturing sector, supporting traditional agro-industries to stimulate productivity and efficiency gains and increase their integration into value chains, promoting the diversity of sustainable rural livelihoods, private sector development with emphasis on SME cluster/network development, and rural and women's entrepreneurship.

(c) **Asia and the Pacific:** There is a wide disparity in economic performance among developing countries in the region. In addition, the advantages of rapid economic growth of the region have not filtered down to all levels of society. Although the overall incidence of poverty in the region has dropped from 34 to 24 per cent in the 1990s, it is still home to about two-thirds of the world's total poor. Rural poverty remains a significant problem, especially in the LDCs and South Asian subregion, with close to 500 million rural poor. Against this background, private sector enterprise development is crucial. As most of the economies in the region are rural and agriculture-based, promotion of an efficient and competitive agro-based industrial sector can promote growth and create income generation opportunities for the poor and help alleviate many social problems. In this context, programmes such as an SME enabling framework and institutional support, cluster development, rural and women's entrepreneurship development, food-safety infrastructure for agro-industries, skill development and capacity-building in the use of new technologies for available agro-resources, and support to traditional agro-industries for enhancement of productivity will be promoted.

(d) **Latin America and the Caribbean:** The SME cluster/network development component is expected to play a central role throughout this region, while the rural and women's entrepreneurship development programme will be applied to the poorer countries, and in some depressed areas of the more developed ones.

(e) **Europe and the NIS:** The region has a significant potential for developing the agro-industrial sector. In order to make the products of the food-processing industries competitive on the world market, UNIDO will provide assistance in food safety and quality through specifically designed projects targeting the deficiencies of individual food industry subsectors.

Objective: To achieve optimum results for the programmes and projects implemented under Major Programme E through the use of the UNIDO field network and funds mobilization service, as well cooperation and coordination with other United Nations agencies through the CCA/UNDAF and PRSP processes, and UNIDO's cooperative agreements with other agencies.	
Outcomes	Performance indicators
Increased efficiency in developing UNIDO programmes and projects in field office and UNIDO Desk (UD) locations.	<ul style="list-style-type: none"> • Increase in technical cooperation approvals of country and regional projects.
Increased demand for UNIDO services in the region.	<ul style="list-style-type: none"> • Increased number of requests that are fundable and implementable. • Increased volume of UNIDO activities at the country level.
Increased cooperation among countries of the region.	<ul style="list-style-type: none"> • Number of programmes, projects and policies at the regional and subregional levels.
Adequate availability of funding for programme and project activities under Major Programme E.	<ul style="list-style-type: none"> • An increasing volume of extrabudgetary resources for such activities.

Outputs

- Coordination between UNIDO Headquarters and the field network;
- Field-level support services for programme and project formulation and implementation;
- Allocation of donor resources to projects in accordance with donor agreements.

MAJOR PROGRAMME F: CROSS-CUTTING PROGRAMMES

General description

F.1. This Major Programme comprises three cross-cutting programmes, which complement each other and the other Major Programmes, in order to enhance the quality and excellence of UNIDO's technical cooperation and global forum activities. Programme F.1 seeks to promote and advance emerging technologies in industrial enterprises of Member States, to harness and co-opt the services of civil society organizations in support of UNIDO's work and to respond to the needs of industrial reconstruction in post-crisis societies. Programme F.2 is an overarching programme which, in combining global forum and technical cooperation activities, highlights industrial governance, policy and statistics, and research. Programme F.3 deals with the regional dimension of UNIDO's activities and in particular focuses on field-level operations, including cooperation with other bilateral and multilateral agencies, including UNDP.

F.2. Direction and management will be provided for this Major Programme by the relevant Managing Directors and Directors, as appropriate. This will include both technical and managerial supervision, and will relate to internal guidance provided to UNIDO staff as well as external promotion of UNIDO activities.

Overall objective

F.3. The objective of this Major Programme is to enable UNIDO to remain at the frontier of emerging technologies, while at the same time, closely collaborating with bilateral and multilateral agencies as well as with Government and civil society organizations in order to provide the needed global forum and technical cooperation services at the field-level. It also aims at ensuring UNIDO's involvement in post-crisis countries in order to integrate the economic and industrial dimensions in post-crisis efforts.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)			
Professional	General	Total			Total	
	Service		Regular budget	Operational budget		
66.2	97.2	163.4	Staff costs	20,920,570	4,997,890	25,918,460
			Consultants	1,080,470		1,080,470
			Meetings	467,200		467,200
			Official travel	795,470		795,470
			Operating costs	6,308,150	221,920	6,530,070
			RPTC/SRA	1,332,288		1,332,288
			Total gross expenditure	30,904,148	5,219,810	36,123,958
Technical cooperation (extrabudgetary)			Income	(1,360,400)		(1,360,400)
		12,411,000	Total net resources	29,543,748	5,219,810	34,763,558
			Total resources (including extrabudgetary TC)			47,174,558

By programme

	Posts		Regular and operational budgets	Technical cooperation (extrabudgetary)	TOTAL
	P	GS			
F.1. Special Initiatives	20.7	10.8	8,355,621	9,251,364	17,606,985
F.2. Industrial Policy and Research	19.2	15.2	8,783,807	2,145,948	10,929,755
F.3. Regional Policy	26.3	11.2	9,911,650		9,911,650
F.4. Field Operating Costs		60.0	7,712,480		7,712,480
F. Total major programme	66.2	97.2	34,763,558	11,397,312	46,160,870

Programme F.1: Special Initiatives**General description**

F.4. This Programme includes three special initiatives with cross-cutting implications. These refer to specialized activities undertaken by UNIDO to enable it to meet a number of its mandated functions, including the need to provide its Member States with access to modern productivity-enhancing technologies to raise the international competitiveness of their industrial enterprises, to support industrial rehabilitation and reconstruction efforts in post-crisis situations, and to develop close working relationships with relevant civil society organizations. The components covered by this Programme thus comprise: F.1.1 – Emerging Technologies; F.1.2 – Human Security/Post-Crisis Rehabilitation and F.1.3 – Civil Society Organizations.

Objective

F.5. The objective of this Programme is to enable UNIDO to provide specialized services in the diffusion of state-of-the-art technologies and post-crisis rehabilitation, while strengthening its partnerships with civil society.

Resources**Resource estimates (in euros)**

Posts			2006-2007 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
20.7	10.8	31.5	Staff costs	5,938,500	919,005	6,857,505
			Consultants	161,710		161,710
			Meetings	110,800		110,800
			Official travel	255,110		255,110
			Operating costs	86,660		86,660
			RPTC/SRA	952,236		952,236
			Total gross expenditure	7,505,016	919,005	8,424,021
			Income	(68,400)		(68,400)
		9,885,000	Total net resources	7,436,616	919,005	8,355,621
Technical cooperation (extrabudgetary)			Total resources (including extrabudgetary TC)			18,240,621

Programme Component F.1.1: Emerging Technologies

General description

F.6. Information and communication technologies (ICTs), biotechnology and hydrogen energy technologies are major technological revolutions currently underway, which are bound to have a powerful effect on economic development in the years to come. UNIDO, therefore, will take a number of initiatives in these fields. Under programme component F.1.1, the Organization will provide technical cooperation and global forum services to the client countries in these three areas. In particular, steps will be taken to coordinate the development of programmes, which will mainstream new technologies as tools for industrial development to increase productivity, strengthen participation in global markets, improve delivery of services, enhance local industrial development opportunities and build human and institutional capabilities in the developing countries to reduce the risk of investment failure and waste of resources. UNIDO will work closely in forging partnerships with client countries, the private sector and other strategic partners to ensure that the benefits of emerging technologies are made available to them.

F.7. During the biennium 2006-2007, UNIDO's initiatives will relate to the application of ICTs to industrial processes and decision support systems. The Organization will also coordinate and/or implement the development and maintenance of IT tools and methodologies that support UNIDO's technical cooperation-related programmes and services. It will promote, market and contribute to the dissemination of these tools and methodologies through the establishment of innovative marketing strategies as well as the preparation and updating of promotional material, networking and capacity-building.

F.8. In the area of biotechnology, UNIDO will provide advisory services to its Member States on new developments in the application of biotechnologies in order for them to prepare for a successful participation in the global market. To that end, it will organize seminars and training programmes, develop multi-media information tools and bring out publications and issue papers on the relevant subjects. It will follow up on the relevant recommendations of UNIDO's Global Biotechnology Forum (GBF) convened in Chile in March 2004 and contribute to the strengthening of the United Nations inter-agency cooperation network on biotechnology.

F.9. As regards hydrogen energy technologies, the main focus of activities will be on managing the major technical assistance project on the establishment and operation of the International Centre for Hydrogen Energy Technologies (ICHET) in Turkey. Linked to this, the Organization will carry out activities to ensure that the interest and needs of the developing countries are taken fully into account in the development of hydrogen energy technologies, for hydrogen complements the primary energy source and provides energy in a convenient form to the consumer at the desired location and time. When combined with renewable energy sources, hydrogen energy provides the ultimate clean energy system. UNIDO has done considerable work in this area in the past, leading to the establishment of ICHET.

Objective: To advance the adoption and use of newer emerging technologies—information and communication technologies, biotechnology and hydrogen energy technology—in developing countries and countries with economies in transition.	
Outcomes	Performance indicators
ICTs	
Increased human and institutional capacity available to use effectively ICT technologies for economic development.	<ul style="list-style-type: none"> • Number of capacity-building activities supported. • Number of entities making use of UNIDO's ICT tools and methodologies.
Inclusion of ICT-based assessment and decision support tools related to UNIDO's technical cooperation programmes in order to reduce the digital divide.	<ul style="list-style-type: none"> • Availability/generation of new/revised tools. • Improve in-house synergies and linkages.
Biotechnology	
Agreement reached by multi-stakeholder forum involving representatives of United Nations agencies, Governments, industry and academia on the promotion of biotechnologies in developing countries.	<ul style="list-style-type: none"> • Number of agreements reached.
Strengthened capacity of national regulatory bio-safety bodies to apply the provisions made under the Cartagena Protocol of the Convention of Biological Diversity (CBD) as well as the WTO, TBT, SPS and trade-related intellectual property rights (TRIPS) agreements, and be able to exercise regulatory oversight.	<ul style="list-style-type: none"> • Increase in the number of information tools provided. • Number of regulatory bodies for national regulatory bio-safety able to exercise regulatory oversight.
Adoption of cleaner environmentally sustainable technologies at enterprise-level.	<ul style="list-style-type: none"> • Number of enterprises that have applied the new biotechnologies.
Hydrogen energy technologies	
Increased interest in hydrogen energy in developing countries.	<ul style="list-style-type: none"> • Number of developing countries that have initiated hydrogen energy programmes.
Increased capacity in developing countries for the formulation and implementation of hydrogen energy programmes.	<ul style="list-style-type: none"> • Number of countries that have initiated capacity-building for hydrogen energy programme formulation and implementation.
Successful development of ICHET.	<ul style="list-style-type: none"> • Number of countries, institutions and private sector companies that are affiliated with the work of ICHET, and numbers of partners for ICHET projects and programmes.

Outputs

ICTs

- Integration and coordination of emerging IC technology activities in UNIDO's technical cooperation programmes;
- Maintenance of existing, and development of new ICT assessment tools and decision support systems;
- Provision of technical and methodological support services to the users of UNIDO's technical cooperation-related ICT tools;
- Promotion and adaption of UNIDO's tools and methodologies through: (a) the preparation and updating of information materials, books, reports, brochures, web pages published; (b) networking and (c) advisory services and training programmes carried out at country/regional level in the area of ICTs.

Biotechnology

- Organization of at least one subject-specific session of the multi-stakeholder forum per year;
- Two sectoral issue papers published;
- Establishment of three regional biosafety training focal points in existing research institutes;
- Development of multi-media and computer-based information tools (UNIDO's dTree database and biosafety compendium) for use by national regulatory authorities, academic and industry biosafety professionals;
- Advisory services provided and training programmes organized.

Hydrogen energy technologies

- Management of the ICHET project with increased membership and partners from academia and the private sector, as well as mobilization of financial resources for the long-term activities of the Centre;
- Policy advice on hydrogen energy for developing countries;
- Regional policies on hydrogen energy technologies and identification of activities to be undertaken;
- Cooperation programmes between developed and developing countries established in hydrogen energy.

Programme Component F.1.2: Human Security/Post-Crisis Rehabilitation

General description

F.10. The programme component will ensure UNIDO's involvement in post-crisis countries on a systematic basis in order to integrate the economic and industrial dimensions in international post-crisis efforts. This involvement has four aspects:

- (a) Engagement in the international dialogue on the best approaches and lessons learned in conflict-prevention and resolution and their implications for post-crisis stabilization and development programmes;
- (b) Development of policy-level understanding with UNIDO's partners on the potential role of the Organization in crisis-prevention and recovery programmes;
- (c) Involvement at the country level with the United Nations system in establishing the scope of programmes encompassing relief, rehabilitation and sustainable development;
- (d) Implementing operational activities that would respond to the needs and issues identified in post-crisis countries.

F.11. The specific services provided under this programme component will comprise:

- (a) Timely and effective assistance to industrial rehabilitation, recovery and reconstruction;
- (b) Support to rural development through the revival and generation of agro-industries and resumption of supply of industrial inputs to agriculture;
- (c) Assistance to the revival of micro, small and medium enterprises (MSMEs);
- (d) Policy advice to Governments on reviving industrial development and promoting investments, whether domestic or foreign;
- (e) Capacity-building services to support the increased competitiveness of the industrial sector.

Objective: To integrate the economic and industrial dimensions in post-crisis efforts.	
Outcomes	Performance indicators
Programmes implemented, integrating the industrial and technological dimension in relief, rehabilitation and development programmes.	<ul style="list-style-type: none"> • Enhanced capacities of the industrial sector in the target countries to generate employment and output.
Rehabilitation programmes initiated for the repair, maintenance and servicing facilities for the agricultural machinery and equipment sector.	<ul style="list-style-type: none"> • Enhanced supply of spare parts for maintenance of farm machinery and equipment. Increased repair and maintenance services for the same.
Increased capacity of community-based enterprises, self-help groups, rural and urban MSMEs to initiate, revive and expand economic activities.	<ul style="list-style-type: none"> • Number of MSMEs initiated, revived and rehabilitated. Number of skills development programmes designed and implemented for the affected population.
Increased capacity of both government and the private sector to support MSMEs, enhance domestic and foreign investment, and improve productivity and market participation.	<ul style="list-style-type: none"> • Action plans accepted by government and the private sector for the implementation of a revival programme for investment, the development of MSMEs, and the enhancement of industrial productivity.

Outputs

- An organization-wide strategy, internal approaches and new programme delivery mechanisms established in order to adjust UNIDO's operational responses to post-crisis situations;
- At least 20 strategic alliances created with United Nations partner agencies, NGOs and other actors involved in post-crisis efforts in order to establish a critical mass of capabilities that can be readily deployed in the countries affected;
- Several programmes financed and implemented in post-crisis countries, based on partnerships with United Nations agencies and others involved in post-crisis relief, recovery and rehabilitation efforts;
- Four research publications and several project-level reports prepared on results achieved in specific post-crisis programmes undertaken by the Organization;
- Several programmes undertaken for direct support as well as policy advice and capacity-building for the rehabilitation of agro-industries;
- Several programmes undertaken for the provision of BDSs to the private sector, particularly for MSMEs;
- Several programmes undertaken for policy advice and institutional support for the promotion of domestic and foreign investment.

Programme Component F.1.3: Partnerships with Organizations of the Private Sector and of Civil Society

General description

F.12. Economy-wide productivity performance is crucial if developing countries' reform programmes are to be sustainable. This cannot be achieved without creating and strengthening a web of interactions between economic agents, markets and institutions that enable the developing countries to draw effectively on international trade and investment flows. Organizations of the private sector and of civil society (CSOs)² play a significant role in contributing to this web of interactions by helping to create social capital through building partnerships, local capacities and synergies between programmes and key stakeholders, thus contributing to productivity growth. Social capital generates different levels of trust, which is a precondition for people to do business with another. Civil society organizations act as support institutions, service providers, and advocates for their stakeholders.

F.13. UNIDO partnerships with CSOs is a cross-cutting coordinating activity, encompassing agro-industry, cluster development, MSME development, investment promotion and technology transfer, quality and standardization, renewable energy and environment. It provides policy advice on the role of CSOs in general — and of women's associations and youth groups in particular — in all UNIDO activities. It cooperates with relevant units in the formulation and implementation of technical cooperation programmes involving CSOs as partners, counterparts or beneficiaries. It ensures the participation of CSOs in global forum activities and liaises with industry-related CSOs and those in consultative status with UNIDO.

² The concept of CSOs goes beyond the traditional non-governmental organizations active in humanitarian issues in that it takes account of a variety of groups and associations, including private sector representative organizations.

Objective: To upgrade the capacities of CSOs in all areas of UNIDO activities — including gender issues and youth — in order to enable them to render better services to their members and to enhance their advocacy capabilities.	
Outcomes	Performance indicators
Strengthened and expanded relationships between CSOs and UNIDO, including CSOs especially representing women and youth.	<ul style="list-style-type: none"> • Increase in the number of partnerships with relevant CSOs in technical cooperation and global forum activities.
Increased ability of support institutions to disseminate up-to-date knowledge and best practices.	<ul style="list-style-type: none"> • Number of training courses held by CSOs. • Number of new technologies used by beneficiaries. • Amount of information disseminated and target groups reached.
Sustainability of assistance.	<ul style="list-style-type: none"> • Number of CSOs able to render services on their own after completion of projects/programmes.

Outputs

- Technical services provided to support institutions;
- Programme components particularly targeting women's associations and youth groups;
- Training workshops and seminars to enhance the capacity of CSOs to provide services and to act as advocates;
- Expert group meetings and policy workshops between Governments and CSOs on CSO contribution to productive growth;
- Specialized CSO/NGO resource centre (Internet platform), which provides tailor-made networking services to CSOs and their members;
- Regular publication on the impact of CSOs in enhancing productive capacities.

Programme F.2: Industrial Policy and Research

General description

F.14. The main contribution of this Programme is to improve the process of formulation, implementation and monitoring of industrial strategies and policies with a view to enhancing the contribution of industry to productivity growth and the achievement of the Millennium Development Goals. This Programme covers the activities of Service Module 1 – Industrial Governance and Statistics, and of the research programme for the medium-term programme framework, 2004-2007 (MTPF).

F.15. The services, knowledge and information provided by this Programme will also support the implementation and development of the UNIDO major programmes and special initiatives. They will, in particular contribute to improving the policy framework for promoting an entrepreneurial and innovative private sector, for building capacities for market access and development and for improving the transfer, diffusion and learning of environmentally-friendly technologies.

F.16. Four interrelated programme components will support the industrial development strategy and policy-making process in developing countries and economies in transition. The first will enhance the capabilities of developing countries and economies in transition to better understand and assess the impact of global trends and issues. It includes the implementation of the MTPF research programme and the production of the series of Industrial Development Reports. The research will focus on key issues and topics such as the contribution of productivity growth to economic and social advancement; the impact of the new global setting on the dynamics of industrialization in developing and in transition economies; the process of transfer, diffusion and absorption of technology; the contribution of entrepreneurship and SMEs to productivity growth; and the most effective forms of industrial governance to promote a competitive and sustainable industrial development in the new global setting.

F.17. The second component will enhance the capabilities of developing countries and economies in transition in assessing and benchmarking their competitive industrial performance. This component includes the production and diffusion of the UNIDO Industrial Development Scoreboard and the preparation of competitiveness surveys and diagnoses at national, regional and sectoral levels. These competitiveness surveys and diagnoses, which is one of the areas of emphasis of the MTPF, will provide crucial information and analysis for the formulation of industrial development strategies and policies and will also contribute to the formulation of UNIDO's integrated programmes.

F.18. The third component for improving the strategy and policy-making process in developing countries and economies in transition will focus on building the organization and capabilities of the system of industrial governance. Advisory and training services will be provided to the Government and the private sector to upgrade their capabilities in formulating industrial development strategies. Technical services will be offered for establishing and organizing appropriate and effective systems of industrial governance based on consultations and partnerships between the public and the private sectors.

F.19. A key component of this Programme will be the implementation of UNIDO's international mandate in the field of industrial statistics. This component will contribute to improving the system of production and diffusion of industrial statistics. The publication of the *International Yearbook of Industrial Statistics* will, in particular, continue to be a unique source of statistics for Governments, industries, institutions, researchers and UNIDO. This component also includes technical cooperation activities to build the capabilities of national statistical offices in industrial statistics.

Overall objective

F.20. The objective of this Programme is to improve the analytical and decision-making capabilities of the Government and the private sector in the formulation, implementation and monitoring of strategies and policies to promote and support a sustainable industrial development, which will contribute to productivity growth and the achievement of the MDGs.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
19.2	15.2	34.4				
			Staff costs	5,555,865	1,254,300	6,810,165
			Consultants	829,930		829,930
			Meetings	215,000		215,000
			Official travel	168,220		168,220
			Operating costs	380,440		380,440
			RPTC/SRA	380,052		380,052
			Total gross expenditure	7,529,507	1,254,300	8,783,807
Technical cooperation (extrabudgetary)		2,526,000	Total net resources	7,529,507	1,254,300	8,783,807
			Total resources (including extrabudgetary TC)			11,309,807

Programme Component F.2.1: Research

General description

F.21. This programme component will continue the implementation and monitoring of the research programme included in the MTPF. Research projects will be undertaken on research topics such as productivity gaps between and within countries; the role of innovation systems in the process of catching-up and adoption of competitive and environment-friendly technologies; the demand and supply of national and global public goods to support industrial development; the globalization of value chains and the consequences for developing countries; the contribution of SMEs to growth and innovation; and corporate social responsibility.

F.22. Research activities will be implemented in close cooperation with technical cooperation activities and with a research network that has been gradually built up over the past years with renowned universities and centres of excellence around the world.

F.23. The research outputs, which will be disseminated through publications and workshops and through the Industrial Development Reports, are expected to improve the strategy and policy-making process in developing countries and economies in transition. They will also contribute to improving the analytical foundations and the policy framework of UNIDO's major programmes and special initiatives.

Objective: To improve the analytical capabilities of the Governments, private sector and knowledge institutions of developing countries and economies in transition in the formulation, implementation and monitoring of sustainable industrial development strategies, policies and programmes.	
Outcomes	Performance indicators
Improved understanding of Governments, private sector and knowledge institutions on key industrial development issues of relevance for the formulation and implementation of industrial strategies, policies and programmes.	<ul style="list-style-type: none"> • Number of countries, and within each country, of public and private stakeholders using the UNIDO research findings and policy recommendations in the formulation and implementation of industrial strategies, policies and programmes.
Improved analytical foundations and policy framework of UNIDO major programmes and special initiatives.	<ul style="list-style-type: none"> • Number of UNIDO major programmes and special initiatives using the research findings and policy recommendations.

Outputs

- One Industrial Development Report, consisting of one part on global trends and a second part, which will focus on a key issue covered by the MTPF research programme;
- At least three research reports for the MTPF research programme;
- At least two workshops to present and discuss the research findings and policy implications of the research projects;
- An Internet-based knowledge centre, which disseminates the UNIDO research reports and other relevant publications from other institutions and which provides an electronic discussion forum on topics and issues covered by the MTPF research programme.

Programme Component F.2.2: Competitiveness Surveys

General description

F.24. The competitiveness surveys will help the Government, the private sector and knowledge institutions to diagnose and benchmark the competitive performances of their domestic industries at global, regional and sectoral levels. They will constitute a direct input for the formulation of technical cooperation programmes and projects.

F.25. This component includes the publication, production, maintenance, updating and expansion of the Industrial Development Scoreboard, which monitors the competitive industrial performances and selected structural drivers in a large number of developing and industrialized countries where the data are available.

F.26. Competitiveness diagnoses at national and regional levels are prepared using the UNIDO methodology and are discussed in the framework of policy workshops attended by policy-makers, government officials, representatives of the private sector and knowledge institutions. These competitiveness diagnoses are key inputs for the formulation of UNIDO integrated programmes.

F.27. This component also includes the preparation of sectoral surveys in selected global industries of critical importance for the industrialization of developing countries. Workshops to be attended by representatives of the Government and private sector of industrialized and developing countries will be organized to review these sectoral surveys and to discuss global trends, opportunities and challenges for developing countries and policy issues to be addressed at national and international levels.

Objective: To improve the capabilities of Governments, private sector and knowledge institutions to monitor, benchmark and diagnose the competitive performance of their national industries at global, regional and sectoral levels.	
Outcomes	Performance indicators
Improved monitoring and benchmarking at global and regional level of national industrial competitive performances and drivers by Governments, private sector and knowledge institutions.	<ul style="list-style-type: none"> Number of countries, and within each country, of public and private stakeholders using the UNIDO Industrial Development Scoreboard.
Improved diagnosis of the competitiveness of national industries by Governments, private sector and knowledge institutions.	<ul style="list-style-type: none"> Number of countries, and within each country, of public and private stakeholders using the UNIDO methodology of industrial competitiveness diagnosis.
Improved assessment of trends, challenges and opportunities in selected global industries by governments, private sector and knowledge institutions.	<ul style="list-style-type: none"> Number of countries, and within each country, of public and private stakeholders using the information and policy recommendations provided by UNIDO sectoral surveys and workshops.

Outputs

- Publication in 2007 of the Industrial Development Scoreboard, which will constitute the basis for the assessment and benchmarking of national competitive industrial performance and related drivers at global and regional levels. The Scoreboard will be further developed and the set of indicators refined to enable more detailed analyses and conclusions;
- Revised edition of the UNIDO methodology for industrial competitiveness diagnosis;

- At least 10 country briefs will be prepared using the UNIDO methodology for industrial competitiveness diagnosis;
- At least four national/regional competitiveness surveys will be prepared using UNIDO methodology for industrial competitiveness diagnosis and will be presented and discussed at national and regional workshops attended by representatives of Government, the private sector and knowledge institutions;
- Two sectoral surveys on global trends, challenges and opportunities in selected industries will be prepared and discussed at workshops to be attended by representatives of Government, the private sector and knowledge institutions of industrialized and developing countries.

Programme Component F.2.3: Technical Cooperation Services in Industrial Governance

General description

F.28. This programme component offers a range of policy services to developing countries and economies in transition aimed at building the capabilities of ministries and agencies and of private sector associations in the formulation, implementation and monitoring of industrial development strategies and policies. These services are targeted at both the public sector (industry and other ministries and agencies) and the private sector (chambers of industry and professional associations).

F.29. Support is also provided to improve the organization of the system of industrial governance, and in particular for the organization of effective public and private partnerships and consultation mechanisms in the formulation, implementation and monitoring of industrial strategies and policies.

F.30. The technical cooperation services in industrial governance are directly linked to and benefit from the other three programme components on research, competitiveness surveys and industrial statistics. They will also support the overall development and implementation of UNIDO's major programmes and special initiatives.

Objective: To improve the decision-making capabilities of Governments, private sector and support institutions in the formulation, implementation and monitoring of industrial strategies, policies and programmes.	
Outcomes	Performance indicators
Improved effectiveness of institutions of the public and private sector involved in the formulation, implementation and monitoring of industrial strategies, policies and programmes.	<ul style="list-style-type: none"> • Number of countries with technical cooperation projects, which have improved their process of formulation, implementation and monitoring of industrial strategies, policies and programmes.
Improved effectiveness of systems of industrial governance based on public-private partnerships and consultations.	<ul style="list-style-type: none"> • Number of countries with technical cooperation projects in which Governments working directly with the private sector in the formulation, implementation and monitoring of industrial strategies, policies and programmes.

Outputs

- Policy advisory services in at least 10 countries in the preparation of reports, studies and analyses related to the formulation, implementation, monitoring and assessment of industrial policies and strategies;
- At least one executive training course to expose policy-makers to state-of-the-art approaches and knowledge on industrial strategies and policies and on new forms of systems of industrial governance;

- Public-private partnerships and consultation mechanisms in at least five countries to encourage consensual strategy and policy-making; to create an enabling environment for dynamic private-sector led industrial development; to ensure broad and effective stakeholder participation in the implementation of strategies and policies; and to jointly monitor and assess industrial performances, and key challenges and policy issues.

Programme Component F.2.4: Industrial Statistics

General description

F.31. This programme component provides the framework for the implementation of UNIDO's international mandate in the field of industrial statistics and for UNIDO cooperation with the international statistical community in the development and promotion of a standard methodology.

F.32. This component provides consistent and accurate statistical information on industry to the global community of stakeholders and researchers involved in formulation, implementation and monitoring of industrial development strategies, policies and programmes.

F.33. The UNIDO industrial statistics database is also the empirical basis for UNIDO technical cooperation and research activities and in particular for the Industrial Development Scoreboard, for the database on productivity and the preparation of competitiveness surveys.

F.34. Technical services are offered to developing countries and economies in transition to build the capabilities of their national statistical offices in the collection, processing and diffusion of industrial statistics.

Objective: To increase the use of industrial statistics in monitoring and analyzing global and national industrial performances and trends by Governments, private sector and knowledge institutions and to improve the capabilities in industrial statistics of the national statistical offices.	
Outcomes	Performance indicators
Enhanced access to accurate and consistent statistical information on industry of Governments, private sector, and knowledge institutions.	<ul style="list-style-type: none"> • Increased number of users of UNIDO industrial statistical database in Governments, private sector, and knowledge institutions.
Improved performance in industrial statistics of national statistical offices.	<ul style="list-style-type: none"> • Number of national statistical offices with UNIDO technical cooperation projects which have improved their systems of industrial statistics operations.
Increased use of industrial statistics in UNIDO research and technical cooperation projects.	<ul style="list-style-type: none"> • Increased number of technical cooperation and research projects using UNIDO industrial statistics.
Improvement of the standard methodology in data production on industrial statistics used by the international statistical community.	<ul style="list-style-type: none"> • Increased number of national statistical offices using the standard methodology in data production on industrial statistics.

Outputs

- Statistical products, including: the *International Yearbook of Industrial Statistics*; the annual publication of the CD-ROM versions of the UNIDO Industrial Statistics (INDSTAT) and of Industrial Demand-Supply Balance (IDSB) databases; the annual editions of the Internet-based Statistical Country Briefs; the new editions of the productivity database and of the industrial statistics size-distribution database (SME database); Statistical Regional Outlooks for Industry;
- Technical cooperation projects in industrial statistics in at least five national statistical offices;
- Advisory services to the international statistical community for the development and promotion of standard methodology for production and dissemination of statistical information at the national and international levels.

Programme F.3: Regional Policy

General description

F.35. The Programme will develop policies, framework and guidance towards realization of the corporate strategy and MTPF on a regional and country basis, thus contributing to achieving the Millennium Development Goals, giving due account to the outcome of the Third United Nations Conference on the Least Developed Countries (LDC III) and to South-South cooperation.

F.36. In doing so, the Programme will make full use of such structures, systems, mechanisms and tools as the Regional Bureau structure, field network, regional forums, integrated programme approach, CCA/UNDAF and PRSP processes, UNIDO/UNDP cooperation agreements, and UNIDO resource mobilization strategy.

F.37. The Programme will maintain an active UNIDO presence and coordinate the administrative and managerial dimensions of the UNIDO field presence to ensure a consistent approach, promote initiatives to strengthen the Organization's field operations and provide support and guidance to the field operations in terms of manuals and communication facilities. It will promote UNIDO's role in sustainable industrial development and development of UNIDO's technical assistance at the country level in the multilateral context through the UNIDO field network that consists of the following two elements:

(a) **Field offices:** In line with the increased country-level coordination and harmonization of goal-based technical support by the United Nations agencies to poor countries and within the Organization's efforts towards decentralization of activities to the field, the Programme is responsible for ensuring that the needs of the countries of coverage are reflected effectively in the Organization's activities and assisting Headquarters to deliver more effectively the Organization's services to the recipient countries. The country offices serve to represent UNIDO at the country level by ensuring a fruitful operative interaction between the Organization and the host country in a multilateral context. In addition to these functions, regional offices guide and support the UNIDO Desks under their coverage.

(b) **UNIDO Desks, including focal point offices:** The conclusion of the Cooperation Agreement with the United Nations Development Programme on 23 September 2004 has paved the way to a new model of field representation, which would allow UNIDO to expand, in the future, its presence in the field of up to 80 countries, while maximizing synergies within the United Nations system. On the basis of joint programmes of technical cooperation, the Programme is responsible for developing and expanding the Organization's portfolio of core activities, especially in the area of private sector development, in developing countries and economies in transition other than those currently hosting a UNIDO field office.

F.38. In line with the recommendations contained in the report of the United Nations Commission on Private Sector and Development and with the corporate strategy of UNIDO, the Programme will promote, jointly with UNDP, sustainable industrial development in the host countries in line with national priorities and the MDGs.

F.39. The services will be provided through a network of UNIDO Desks located within the UNDP office and be staffed with one Professional staff member, who will perform the functions of an Industrial Development Officer. General Service staff to support the Professional staff members will be provided by UNDP in accordance with the Cooperation Agreement.

F.40. The implementation of the UNIDO Desk programme will be gradual. After a pilot cost-sharing phase that foresees the establishment of 15 new UNIDO desks in 2005, the performance of the Programme will be assessed in 2006 so as to decide whether to continue and expand the programme in the future. In line with this gradual approach, the continuation of the recently-established 15 new UNIDO desks is envisaged for the biennium 2006-2007. A number of the UNIDO focal point offices budgeted in the programme and budgets 2004-2005 will have been converted to UNIDO Desks.

F.41. The Programme continues to provide special attention to issues related to LDCs and South-South cooperation. However, priorities and focus areas will differ from country to country and from region to region. For example, globally, the area of poverty reduction through private sector development enjoyed the highest share in integrated programmes (IPs). While the same pattern was applicable to Africa, environment and energy (EAE) was the highest in Asia and Europe regions, and trade capacity-building (TCB) in Arab countries and Latin America and the Caribbean. The expected regional priorities are described in Major Programmes C, D and E under programme component Regional Priorities, Funds Mobilization and Partnerships.

F.42. To translate these diverse country and regional needs into a UNIDO policy and framework, the Programme will apply a region-by-region approach and interact with Member States and/or regional groups, and with recipient countries both at Headquarters and the field level. It will interact with the respective UNDP regional bureaux for the implementation of the UNIDO/UNDP Cooperative Agreement, in particular with regard to UNIDO Desks.

Overall objective

F.43. To attain optimum solutions for all parties involved by interacting regularly with the constituencies of UNIDO, either individually or in groups, through:

- (a) Providing a regional perspective and conduit on policy and programmatic issues between the governing bodies of UNIDO and the Organization, and between UNIDO and the recipient countries;
- (b) Facilitating UNIDO activities in the region and in the countries of coverage, *inter alia*, through maintaining an active presence of the Organization in selected countries and representing UNIDO at the regional and country levels.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)			
Professional	General Service	Total		Regular budget	Operational budget	Total
26.3	11.2	37.5	Staff costs	7,272,105	1,976,785	9,248,890
			Consultants	88,830		88,830
			Meetings	141,400		141,400
			Official travel	358,920		358,920
			Operating costs	143,210		143,210
			Total gross expenditure	8,004,465	1,976,785	9,981,250
			Income	(69,600)		(69,600)
			Total net resources	7,934,865	1,976,785	9,911,650

Programme Components F.3.1—F.3.5: Regional Programmes

General description

F.44. These programme components will provide similar services to the five regions covered by UNIDO, respectively sub-Saharan Africa, Arab countries, Asia and the Pacific, Latin America and the Caribbean, and Europe and the NIS. Given the similarity of the services provided, and the associated similarity of the objectives, expected outcomes, performance indicators and outputs, the presentation of these five programme components has been consolidated into a single text. The expected regional priorities are described in Major Programmes C, D and E under programme component Regional Priorities, Funds Mobilization and Partnerships.

F.45. Programme components F.3.1 to F.3.5 will apply such structures, systems and tools as Regional Bureaux within the UNIDO Secretariat, the UNIDO field network in the respective regions, regional and subregional forums and institutions, and the integrated programme approach to develop regional approaches and frameworks to meet the needs of Member States of the specific regions, both as members of the governing bodies of UNIDO and as beneficiaries of UNIDO services. They will also interact with the relevant UNDP Regional Bureaux for the implementation of the UNIDO/UNDP Cooperative Agreement, in particular with regard to UNIDO Desks.

Objective: To strengthen the regional perspective on policy, programmatic and funding issues in the respective regions.	
Outcomes	Performance indicators
An active presence of the Organization in the region maintained through a successful operation of the field network.	<ul style="list-style-type: none"> • Increase in number of UNIDO mandate areas included in country-level programming frameworks (CCA/UNDAF, PRSP). • Number of services, technical advice and other services of the regional offices sought from countries under their coverage.
An increasing volume of extrabudgetary funding for UNIDO activities overall, in particular from governmental donors.	<ul style="list-style-type: none"> • The level of net approvals of at least \$53 million per year under IDF, trust funds (also self-financed) and related sources of (mainly) governmental funds.
A better overall funding balance between the thematic priorities of the Organization.	<ul style="list-style-type: none"> • Four strategic partnerships established with individual donors operational.

Outputs

- A clear policy framework and continuous guidance for the Regional Bureaux and field network, including up-to-date manual for field operations;
- Consultation meetings held on the average once a month, with Member States of the respective regions, either as a group or individually, on a variety of issues related to UNIDO policy;
- Regional and subregional forums, seminars and/or workshops organized;
- Effective flow of information from Headquarters to the field, resulting in field offices and UNIDO Desks being fully up-to-date on UNIDO policies, priorities and administrative requirements;
- A number of integrated programmes and regional programmes formulated or re-formulated and approved;
- Overall funds mobilization strategy defined and integrated in the Organization;
- Good working relations with main donors, including regular programming and approval mechanisms;
- A total of \$200 million technical cooperation approvals for the five regions;
- Increased technical cooperation approvals by more than \$1 million in countries where UNIDO Desks are located.

Programme F.4: Field Operating Costs

General description

F.46. The Programme will ensure that the UNIDO field network, consisting of field offices and UNIDO Desks (including focal point offices), will receive optimum financial and General Service staff support under the guidance provided under Programme F.3. The scope of this Programme is limited to providing an effective structure for decentralized operations in the form of support personnel and office infrastructure. Capturing and monitoring the field operating costs, while the field structure is undergoing a significant change, is essential and can best be achieved by grouping these resources under an individual programme.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
	60.0	60.0				
			Staff costs	2,154,100	847,800	3,001,900
			Official travel	13,220		13,220
			Operating costs	5,697,840	221,920	5,919,760
			Total gross expenditure	7,865,160	1,069,720	8,934,880
			Income	(1,222,400)		(1,222,400)
			Total net resources	6,642,760	1,069,720	7,712,480

Objective: To provide efficient operational support to the UNIDO field network that consists of field offices and UNIDO Desks (including focal point offices).	
Outcomes	Performance indicators
Infrastructure support to the UNIDO field network optimized.	<ul style="list-style-type: none"> €5,919,460 covering operating costs spent by the UNIDO field network.
General Service support to the UNIDO field network optimized.	<ul style="list-style-type: none"> A peak staffing of 60 General Service staff in the UNIDO field network.

Outputs

- Operating costs of €5,919,460 made available to the UNIDO field network in 2006-2007;
- 60 established posts for General Service available to the UNIDO field network.

MAJOR PROGRAMME G: ADMINISTRATION**General description**

G.1. The Major Programme provides direction and management for six programmes: Human Resource Management, Financial Services, Information Network and Knowledge Management Services, Procurement and Logistics Services, Legal Services and Buildings Management.

G.2. The main priorities of the Major Programme are to provide operational support for the implementation of a significant part of UNIDO's technical cooperation programmes – be it in procurement of goods and services to technical cooperation projects, or in hiring high-level staff and consultants to ensure the implementation of these. Diverse and essential services include procurement of goods and services, communications, inventory and records management, travel and legal advice, all of which directly or indirectly support technical cooperation delivery.

Overall objective

G.3. The overall 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.

Resources**Resource estimates (in euros)**

Posts			2006-2007 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
46.0	101.0	147.0			
			Staff costs	19,795,650	24,381,250
			Consultants	80,290	80,290
			Official travel	157,410	157,410
			Operating costs	2,012,560	2,012,560
			Information and comm. techn.	4,522,350	4,522,350
			Total gross expenditure	26,568,260	31,153,860
			Total net resources	26,568,260	31,153,860

By programme

	Posts		Regular and operational budgets	Technical cooperation (extrabudgetary)	TOTAL
	P	GS			
G.1. Human Resource Management	11.0	23.2	6,225,865		6,225,865
G.2. Financial Services	11.0	34.0	6,954,500		6,954,500
G.3. Procurement and Logistics Services	7.0	24.2	7,280,575		7,280,575
G.4. Legal Services	3.0	2.0	1,104,260		1,104,260
G.5. Information Networks and Knowledge Management	12.0	13.5	8,342,770		8,342,770
G.6. Direction and Management	2.0	4.0	1,245,890		1,245,890
G. Total major programme	46.0	100.9	31,153,860		31,153,860

Programme G.1: Human Resource Management

General description

G.4. The Programme develops the human resource management policy of the Organization, supports the major programmes in organizational development and human resource management and provides all statutory services mandated by the staff regulations and rules as well as the regulations of the United Nations Joint Staff Pension Fund (UNJSPF). In addition to interacting with internal clients, managers and staff, the Programme interacts with other organizations of the United Nations common system and is the official interlocutor with the International Civil Service Commission (ICSC), UNJSPF, and health insurance providers.

G.5. The component parts of the Programme are organized as functional teams that work on: the recruitment of staff in the General Service, Professional and higher categories as well as the recruitment of project personnel engaged in the implementation of technical cooperation programmes; job analysis and classification; organizational development and the implementation of a learning policy aimed at upgrading and updating managerial, technical and functional competencies; the updating and application of conditions of service to all categories of staff in accordance with the provisions of the staff regulations and rules; the maintenance of information databases for monitoring, planning and reporting and for security purposes; the provision of comprehensive social security services to active and retired staff in accordance with the regulations and rules of UNJSPF, including medical and life insurance; the internal administration of justice.

Objective

G.6. To provide the Organization with the human resources required for the fulfilment of its mandate.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
11.0	23.2	34.2				
			Staff costs	4,406,175	1,704,600	6,110,775
			Consultants	41,500		41,500
			Official travel	42,200		42,200
			Operating costs	31,390		31,390
			Total gross expenditure	4,521,265	1,704,600	6,225,865
			Total net resources	4,521,265	1,704,600	6,225,865

<i>Outcomes</i>	<i>Performance indicators</i>
Timely recruitment of personnel meeting fully vacancy requirements for posts at Headquarters, field duty stations and technical cooperation programmes and projects.	<ul style="list-style-type: none"> Recruitment for vacant posts normally completed within three months of being advertised. Project personnel posts filled within 2-4 weeks of receipt of request.
Improved geographical and gender balance, where applicable.	<ul style="list-style-type: none"> Increased percentage of staff from non- and under-represented countries and in under-represented gender for Headquarters posts in the Professional and higher categories.
Field security conditions for employees are fully in place.	<ul style="list-style-type: none"> All employees complete basic field security training. All employees on official travel have security clearances, where security directives apply. Minimum Operating Security Standards (MOSS) compliance monitored in coordination with other relevant offices.
Technical, managerial and generic competencies upgraded.	<ul style="list-style-type: none"> Number of staff learning hours per learning area. Competency model finalized for technical and functional competencies to support key human resources development and planning processes.

Outputs

- Posts in the Professional and higher categories and in the General Service category filled within the vacancy rate, using behavioural event and competency-based assessment techniques; time-limited appointments at Headquarters and in field duty stations issued or extended following relevant review;
- Approximately 5,000 time-limited project personnel appointments negotiated and concluded for the biennium;
- Services of approximately 25 junior professional officers and associate experts secured through negotiations with donors to complement staffing in field offices and programmes at Headquarters;
- Biennium macro development plan implemented according to the learning investment;
- Approximately 600 internship-months implemented to promote professional learning and support UNIDO's services;
- Administrative instructions, information bulletins and circulars on conditions of service issued;
- Security clearances for all official travel obtained;
- Social security services provided.

Programme G.2: Financial Services

General description

G.7. 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.

G.8. The Programme aims to follow the best practices in financial management, including transparent, cost-effective and sound internal control of all financial resources in the field and at Headquarters. It provides regular financial performance and status information to UNIDO stakeholders. It seeks to manage and monitor all matters relating to assessed contributions, while following up with Member States on outstanding assessed contributions so as to maintain a high level of financial stability. Financial resources will be effectively managed through improvements in cash-flow projections so as to maximize the yield potential of available resources. The Programme will provide accurate and timely financial reports to facilitate the Organization's activities, managerial decision-making and future programme planning. It will be responsive to the needs of the Organization and review the work processes on an on-going basis to improve the Financial Performance Control System, thus increasing the efficiency, accuracy and accessibility to financial information.

G.9. Being the first biennial budget based on the concept of results-based management, the Programme will continue to guide and collaborate with other programmes to strengthen and refine the concept and implementation, including measurement towards an improved application of the principles of results-based management.

G.10. 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

G.11. The objective of the Programme is to ensure the overall financial integrity of the Organization.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
11.0	34.0	45.0				
			Staff costs	5,238,700	1,673,000	6,911,700
			Consultants	9,300		9,300
			Official travel	31,600		31,600
			Operating costs	1,900		1,900
			Total gross expenditure	5,281,500	1,673,000	6,954,500
			Total net resources	5,281,500	1,673,000	6,954,500

<i>Outcomes</i>	<i>Performance indicators</i>
Continued overall financial management of the Organization.	<ul style="list-style-type: none"> • Unqualified opinion by the External Auditor on the financial statements.
Efficient and effective planning and control of the Organization's resources.	<ul style="list-style-type: none"> • Statutory deadlines met for the preparation and presentation of the biennial programme and budget document to the governing bodies.
Effective financial management of technical cooperation activities.	<ul style="list-style-type: none"> • Issuance of allotments and other financial instruments for extrabudgetary funds within five days of the receipt of working budgets. Within five working days each month, submission and accuracy of financial information on technical cooperation projects.
Effective and responsive financial advice on memorandums of understanding and agreements to enable finalization in accordance with UNIDO's financial regulations and rules.	<ul style="list-style-type: none"> • Number of agreements reviewed within the given timeframe and cleared from the financial point of view.
Financial statements and analysis provided on a timely basis to support and enhance UNIDO's management, governing bodies, and donors' decision-making and external audits.	<ul style="list-style-type: none"> • Statutory deadline met for financial statements. • 90 per cent of submissions of financial information, analysis and reports to management, prepared by due date.
Maximized interest income taking into account market conditions.	<ul style="list-style-type: none"> • Minimum downward variation of interest rate relative to average market rate.
Improved timeliness and accuracy in the disbursement of all financial obligations.	<ul style="list-style-type: none"> • Average number of days taken to process all payments.

Outputs

- A programme and budget document;
- Various financial authorization documents and management reports on the financial implementation of the approved budgets;
- Staffing table;
- Financial reports on the utilization of extrabudgetary resources for senior management, governing bodies and donors;
- Technical cooperation agreements in line with financial regulations and rules;
- Mid-biennial and biennial financial statements to the External Auditor and the governing bodies;
- Issuance of assessment letters;
- Investments according to investment policy;
- Receipt and disbursement of funds on behalf of the Organization;
- Development and upgrade of financial systems as required.

Programme G.3: Procurement and Logistics Services

General description

G.12. The Programme provides a diverse range of essential services in support of all UNIDO activities, including procurement of goods and services, inventory and records management, and communications, travel, transportation and shipment services. It provides 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.

G.13. The Programme is divided into two components: G.3.1 – Procurement Services and G.3.2 – Logistics Services.

Objective

G.14. 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.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
7.0	24.2	31.2				
			Staff costs	3,704,675	939,000	4,643,675
			Consultants	8,410		8,410
			Official travel	11,320		11,320
			Operating costs	1,548,070		1,548,070
			Information and comm. techn.	1,069,100		1,069,100
			Total gross expenditure	6,341,575	939,000	7,280,575
			Total net resources	6,341,575	939,000	7,280,575

Programme Component G.3.1: Procurement Services

General description

G.15. Procurement provides essential services in support of all UNIDO technical cooperation programmes, and global forum and post-crisis activities. It is also responsible for the provision of procurement services required for buildings management of the VIC, the VIC catering operations and execution of the asbestos removal project. Procurement processes annually 600 to 700 requisitions in the total amount of €45 to €49 million, out of which more than 80 per cent constitutes acquisition of goods and services for technical cooperation activities. The Programme furthermore provides guidance to project managers and field offices on issues related to the procurement of goods and services.

Objective

G.16. The main objective of Procurement Services is to ensure efficient and cost-effective procurement of goods and services required for carrying out of all UNIDO activities.

<i>Outcomes</i>	<i>Performance indicators</i>
Timely delivery of goods and services for implementation of UNIDO technical cooperation programmes and global forum activities as well as for maintenance and repair of the VIC buildings and execution of the asbestos removal project.	<ul style="list-style-type: none"> • Reduction of average time for processing of procurement requisitions.
Adequate quality of procured goods and services.	<ul style="list-style-type: none"> • Maintenance of full compliance with the requirements of technical specifications.
Expansion of competitive base.	<ul style="list-style-type: none"> • Increased number of invitees by an average of 10 per cent.

Outputs

- Contracts and purchase orders for an estimated amount of €37 million for implementation of technical cooperation and global forum activities;
- Contracts and purchase orders for an estimated amount of €10 million for maintenance and repair of the VIC buildings and execution of the asbestos removal project;
- Information and statistical reports on the procurement of goods and services.

Programme G.3.2: Logistics Services

General description

G.17. Logistics is responsible for providing services related to official travel, transportation and shipment maintaining the technical cooperation and Headquarters inventory, covering expendable and non-expendable property; providing registry records management and archive services. All these activities are linked both directly and indirectly with the Organization's substantive activities carried out in conformity with the corporate strategy and MTPF.

Objective

G.18. To ensure enhanced responsiveness and quality of services for all UNIDO activities.

<i>Outcomes</i>	<i>Performance indicators</i>
Complete and up-to-date inventory records maintained for Headquarters offices, and technical cooperation projects.	<ul style="list-style-type: none"> • Elimination of backlog and continuous recording of inventory within one week of receipt.
Improved and cost-effective travel services.	<ul style="list-style-type: none"> • Savings achieved relating to full cost of travel. • At least 80 per cent customer satisfaction.

Outputs

- Inventory records for Headquarters' assets and technical cooperation projects;
- Processed travel authorizations, visa requests as well as shipment;
- Registry and archives records.

Programme G.4: Legal Services

General description

G.19. UNIDO is a specialized agency of the United Nations composed of Member States pursuant to international treaty: its Constitution. As a subject of international law and in accordance with its Constitution, UNIDO enjoys certain privileges and immunities, rights and obligations under international law, which define and regulate its external relations. Internally, like other members of the United Nations common system of organizations, UNIDO is required to act in accordance with its internal law. The internal law of UNIDO is defined by its Constitution and, subsidiarily, by the regulations and directives emanating from its governing bodies and the rules and instructions issued by or under the authority of the Director-General.

G.20. The Programme is designed to assist the Organization in achieving its goals by ensuring that all its activities and programmes are in accordance with the external and internal aspects of its legal framework as summarized above. The Programme's core function consists in the provision of sound legal advice and expert legal assistance to the Organization in order to promote and develop the rule of law in all aspects of the Organization's activities, as well as to defend UNIDO's rights, positions and interests in contractual or litigation matters.

G.21. More specifically, the Programme:

- (a) Provides legal advice and expert assistance to the Secretariat with respect to international agreements, contracts, technical cooperation projects and the preparation of decisions, resolutions and other documents of the governing bodies;
- (b) Provides legal advice and expert assistance to representatives of governing bodies and communicates with Permanent Missions in respect of specific legal issues involving the Organization;
- (c) Reviews and drafts rules of procedure, Headquarters agreements and conference agreements with host Governments, and participates in the negotiation of these texts as necessary;
- (d) Represents the Director-General in cases brought before the Administrative Tribunals of the International Labour Organization and the United Nations;
- (e) Works with all offices of the Organization, in Headquarters or in the field, by providing legal advice and expert assistance in respect of legal issues that arise in the course of their activities;
- (f) Interacts with the legal offices of the United Nations, sister agencies or programmes in connection with legal matters of mutual interest or concern, including the development of international law and the harmonization or coordination of rules, procedures and policies of the United Nations common system.

Objective

G.22. The objective of the Programme is to ensure the efficient conduct of the affairs of UNIDO by promoting the rule of law both within the Organization and in its relations with Governments, organizations, enterprises and individuals, and by safeguarding and defending the legal positions, rights and interests of the Organization.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)			
Professional	General Service	Total	Regular budget	Operational budget	Total	
3.0	2.0	5.0				
			Staff costs	793,640	269,000	1,062,640
			Consultants	21,080		21,080
			Official travel	9,440		9,440
			Operating costs	11,100		11,100
			Total gross expenditure	835,260	269,000	1,104,260
			Total net resources	835,260	269,000	1,104,260

<i>Outcomes</i>	<i>Performance indicators</i>
Implementation of projects and other UNIDO activities on the basis of legally sound agreements and in accordance with the internal law of the Organization and international law.	<ul style="list-style-type: none"> • Absence of disputes arising from ambiguous or poorly drafted legal documents. • Reduction in instances in which the legal rights of the Organization are not protected. • Absence of challenges to clarity or accuracy of legal advice. • Liabilities of the Organization and Member States are minimized.
Maximization of the protection of the legal interests of the Organization.	<ul style="list-style-type: none"> • Total liabilities are minimized compared with total claims made against the Organization. • Absence of instances where the status, privileges and immunities of the Organization and its officials are challenged and not maintained.

Outputs

- Legal review, negotiation and drafting of contracts, international agreements and other instruments, and legal advice concerning projects financed from trust funds and IDF special-purpose contribution agreements, intellectual property rights, and claims by or against the Organization;
- Legal advice to the governing bodies of UNIDO in respect of, *inter alia*, the conduct of their meetings and draft resolutions and decisions;
- Legal advice to all divisions of the Secretariat in respect of the Organization's internal law, including its staff and financial regulations and rules, as well as relevant directives issued by or under the authority of the Director-General and the governing bodies;
- Representation of the Director-General before the Administrative Tribunals of the International Labour Organization and the United Nations and other forums, including the preparation of court submissions and other litigation-related documents;
- Registration, filing and recording of international treaties and agreements as required by Article 102 of the United Nations Charter and relevant regulations.

Programme G.5: Information Networks and Knowledge Management

General description

G.23. The responsibility of the Programme is to provide technology vision and leadership for developing and implementing ICT tools that support the business processes and goals of the Organization by:

- (a) Prudently managing UNIDO IT costs;
- (b) Setting ICT policy, strategy and procedures;
- (c) Providing reliable infrastructure for the mainframe, client/server, network and desktop systems;
- (d) Providing reliable and available mission-critical ICT-based production applications;
- (e) Providing a high level of systems support and end user help desk services;
- (f) Ensuring the necessary control mechanisms and security access authorizations for the integrity of data, information, knowledge and the associated databases and systems;
- (g) Contributing to the fulfilment of the mandate of the Office of the Comptroller General by ensuring the integrity and quality of information systems and databases;
- (h) Promoting access to, storage of and the dissemination of knowledge and associated tools and techniques;
- (i) Promoting modern ICT systems and related skills;
- (j) Acting as the ICT focal point for the United Nations system;
- (k) Managing the UNIDO library.

Objective

G.24. To improve the efficiency of the Organization through the prudent use of ICT and its effectiveness through knowledge management.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
12.0	13.5	25.5			
			Staff costs	4,460,460	4,460,460
			Official travel	10,960	10,960
			Operating costs	418,100	418,100
			Information and comm. techn.	3,453,250	3,453,250
			Total gross expenditure	8,342,770	8,342,770
			Total net resources	8,342,770	8,342,770

<i>Outcomes</i>	<i>Performance indicators</i>
Staff are able to perform their activities effectively.	<ul style="list-style-type: none"> • All staff have technically acceptable, reliable network-connected desktop facilities.
Cost-effective services.	<ul style="list-style-type: none"> • Total operating costs per PC user. • Number of total staff per IT staff. • Total operating costs of the library per professional staff member.
All staff have access to relevant and reasonable information and knowledge resources.	<ul style="list-style-type: none"> • Increase in the demand for the library collection of books, journals and online services.
Improved management decision-making.	<ul style="list-style-type: none"> • Survey of client satisfaction with management information provided.

Outputs

- ICT strategies, recommendations, standards, policies, guidelines and procedures;
- Mainframe, client-server, network and desktop infrastructure, including acquisition, installation, security, operation and maintenance;
- Implementation, maintenance and support of all ICT-based production systems and commercial applications;
- Knowledge-based products, including books, journals, online information services, and tools.

Programme G.6: Direction and Management

General description

G.25. The Programme will carry out management and coordination functions in order to provide adequate service in the areas of human resource management, including implementation of staff training programmes to all UNIDO staff, financial services, including implementation of technical cooperation projects, procurement and logistics services, legal services, and other administrative services, including buildings management.

G.26. During the biennium, the Programme will focus on the following activities:

- (a) Plan and formulate work programmes of Major Programmes G and H and related subprogrammes;
- (b) Provide effective management and direction to their implementation and undertake necessary monitoring;
- (c) In addition to providing direction and management for the Human Resource Management Branch, Financial, General, Legal, Procurement and Logistics Services as well as Buildings Management, maintain and improve the Organization's performance monitoring and measurement system; maintain Director-General's bulletins and other directives;
- (d) Interact with other United Nations sister organizations on issues related to management and administration and participate in meetings in conjunction with United Nations-wide events.

Objective

G.27. The objective of the Programme is to provide strategic direction to all services and activities of this Major Programme, as well as effective management and guidance to ensure efficient and cost-effective human resource management, financial, legal, and administrative services for all major programmes.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
2.0	4.0	6.0			
			Staff costs	1,192,000	1,192,000
			Official travel	51,890	51,890
			Operating costs	2,000	2,000
			Total gross expenditure	1,245,890	1,245,890
			Total net resources	1,245,890	1,245,890

<i>Outcomes</i>	<i>Performance indicators</i>
High level of coordination and guidance maintained to all administrative services under this Major Programme.	<ul style="list-style-type: none"> Reduction of processing time for delivery of the expected outputs in strict accordance with established work plans, criteria of transparency, cost-effectiveness and quality.
Effective implementation of sound procedures and monitoring mechanisms.	<ul style="list-style-type: none"> Reduction in the number of additional requests by 10 per cent for clarifications (directives/meetings).
Improved management performance and delivery of services.	<ul style="list-style-type: none"> 80 per cent of clients satisfied with services.

Outputs

- Sound and clear directives on all management strategies and administrative procedures and services;
- Timely information reports to the Director-General and managers of all levels on management and administration trends, performance and corrective measures;
- Continuous level of communication with Member States on the Organization's performance and with the United Nations system through the High-Level Committee on Management on common policies.

MAJOR PROGRAMME H: BUILDINGS MANAGEMENT

General description

H.1. Under the terms of the Memorandum of Understanding on Common Services, on behalf of and financed by the organizations based in the Vienna International Centre (VIC), UNIDO's Buildings Management Services is given the responsibility for managing and administering the operations, maintenance, repairs and replacements of the buildings and related installations and equipment of the VIC complex.

H.2. The main constituencies and target groups of the subject Programme are the four VIC-based organizations (IAEA, UNOV, UNIDO and CTBTO), their approximately 4,500 staff members, and some 1,500 additional daily visitors, conference participants, etc.

H.3. Major trends and directions are the enormous additional tasks entrusted to BMS in connection with the ongoing asbestos removal, security and catering projects, as well as the improvement and upgrading works initiated by BMS during the course of the next 10 years.

H.4. The costs of operating, maintaining and repairing the buildings and their integrated installations are increasing with the ageing of the complex, which was constructed between 1974 and 1979. With a gross area of approximately 347,000 m², the VIC will have been in operation for more than 26 years during the period covered by the present programme and budgets. Necessary repairs and maintenance works are carried out on a regular basis, among others, according to the commitments made *vis-à-vis* the Austrian Government, the owner of the buildings, in order to ensure a safe and reliable operation of the VIC complex.

H.5. After more than 20 years of occupancy, the need for replacement programmes has been recognized in all areas of the buildings complex to maintain and increase the reliability of the VIC operations. Based on agreements reached by the Consultative Committee on Common Services, BMS was instructed to maintain the standard and level of services provided since 1999, which were to the fullest satisfaction of the VIC-based organizations, as well as to implement the projects initiated and planned by BMS in order to cope with today's demands of a modern office building complex.

Overall objective

H.6. The principal objective of the Major Programme is to ensure the safe and reliable operation, maintenance and repair of the buildings and the associated installations according to the local building codes and standards, and according to the VIC operating license conditions. With the upkeep and updating of the installations and equipment, BMS provides services as required by the organizations occupying the VIC complex. In fulfilling this objective, the aim is also to reduce and/or contain the costs by realizing all possible potential savings and making the most efficient use of the available resources.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)		
General	Service	Total	Regular budget	Operational budget	Total
9.0	116.0	125.0			
			Staff costs	15,657,900	15,657,900
			Consultants	159,280	159,280
			Official travel	14,800	14,800
			Operating costs	41,331,740	41,331,740
			Total gross expenditure	57,163,720	57,163,720
			Income	(57,163,720)	(57,163,720)
			Total net resources		

Programmes H.1 and H.2: Common Buildings Management and Joint Buildings Management

General description

H.7. These two Programmes are presented jointly, since they share a common objective, outcomes, performance indicators and outputs. The only difference between them arises out of their source of funding, with Programme H.1 – Common Buildings Management, being cost-shared between all VIC-based organizations and Programme H.2 – Joint Buildings Management, being cost-shared between UNOV, UNIDO and CTBTO.

H.8. The resources foreseen under this Programme comprise the following items:

(a) Programme H.1 is mostly cost-shared among the VIC-based organizations under the agreed cost-sharing formula based on occupants and space usage. In 2004, UNIDO contributed 16.468 per cent of the total costs. The total estimated expenditures for the 2006-2007 biennium amount to €55,236,720. Out of this, expenditures in the amount of €40,501,020 will be shared among the VBOs by withdrawing €1,500,000 from the Buildings Management special account and contributing €39,001,020 in accordance with the agreed upon formula. Several additional programmes and projects are funded jointly or individually by the VIC-based organizations and/or the Austrian Government and/or other entities, over and above the cost-shared component, of which the total estimated expenditures for the 2006-2007 biennium amount to €14,735,700;

(b) Programme H.2 operates within the overall context of the cooperation agreement between UNOV, UNIDO and CTBTO. It provides buildings operation services, which are cost-shared between these 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. The total estimated costs/expenditures for the 2006-2007 biennium amount to €1,927,000;

(c) Additional projects financed by the Common Fund for Major Repairs and Replacements (MRRF) at the VIC, which are co-financed by the VIC-based organizations and the Austrian Government (50 per cent each). The total estimated costs/expenditures for the 2006-2007 biennium amount to €5,555,000.

H.9. Most of the replacement projects are of a long-term nature exceeding the time period of a biennium. Hence, the associated funds are planned to be accumulated in a special account in order to be utilized when a sufficient funds balance is available for the implementation of these projects in due course.

H.10. The cost-shared budget estimates for the biennium 2006-2007 have been decreased by 4.4 per cent in overall terms relative to the budget for 2004-2005. The reduction is due to the fact that BMS has regained full control over the relevant projects and interactions with third parties, including the Austrian Government, during 2004, and has therefore been able to secure unexpected and additional funds for the BMS budget. The proposed budget, therefore, represents the minimum requirements and leaves no scope for further reductions.

Objective

H.11. To ensure a modern working environment and state-of-the-art installations and equipment in the VIC in order to cope with the demands of the coming years, while realizing all possible potential savings and making the most efficient use of the available resources.

Resources**Programme H.1: Common Buildings Management****Resource estimates (in euros)**

Posts			2006-2007 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
9.0	113.0	122.0			
			Staff costs	15,291,400	15,291,400
			Consultants	159,280	159,280
			Official travel	14,800	14,800
			Operating costs	39,771,240	39,771,240
			Total gross expenditure	55,236,720	55,236,720
			Income	(55,236,720)	(55,236,720)
			Total net resources		

2006-2007 estimates (after recosting)	
	Regular budget
Established posts	13,856,400
After-service medical coverage	171,400
Career development training	29,100
General temporary assistance	580,700
Overtime and night differential	648,400
Consultant fees and travel	159,280
Hospitality	5,400
Travel on official business	14,800
Rental and maint. of premises	26,418,800
Utilities	12,013,200
Rental and maint. of furnit., equipm. and vehicles	57,700
Miscellaneous general operating expenses	23,540
Printing and binding	7,600
Supplies and materials	286,300
Capital goods	964,100
Total gross expenditure	55,236,720
Other VBOs' contribution to common operations	(32,578,269)
UNIDO contribution to common operations	(6,422,751)
Other contributions to common operations	(14,735,700)
Withdrawal from special account	(1,500,000)
Total income	(55,236,720)
Total net resources	

Resources**Programme H.2: Joint Buildings Management****Resource estimates (in euros)**

Posts			2006-2007 estimates (after recosting)		
Professional	General Service	Total	Regular budget	Operational budget	Total
	3.0	3.0	Staff costs	366,500	366,500
			Operating costs	1,560,500	1,560,500
			Total gross expenditure	1,927,000	1,927,000
			Income	(1,927,000)	(1,927,000)
			Total net resources		

2006-2007 estimates (after recosting)	
	Regular budget
Established posts	356,100
Overtime and night differential	10,400
Rental and maint. of premises	1,360,300
Capital goods	200,200
Total gross expenditure	1,927,000
Other VBOs' contribution to common operations	(1,174,300)
UNIDO contribution to common operations	(752,700)
Total income	(1,927,000)
Total net resources	

<i>Outcomes</i>	<i>Performance indicators</i>
Safe and reliable operation of the VIC building complex.	<ul style="list-style-type: none"> Compliance with building codes, rules and standards.
Modernization of the VIC using new techniques and types of equipment.	<ul style="list-style-type: none"> Compliance with state-of-the-art norms and techniques.
More customer-friendly working environment for the occupants and visitors of the VIC.	<ul style="list-style-type: none"> Satisfaction of the building users, indicated by absence of complaints and increased positive feedback.
Increased cost effectiveness of services.	<ul style="list-style-type: none"> Containment/reduction of costs by 5 per cent, with long-term impact.

Outputs

- Preventive maintenance to increased lifetime of installations and plants, and minimize breakdowns;
- Replacement programmes to update and modernize the infrastructure of the VIC;
- Enhancement of the air-conditioning capacity, replacement and modernization of the cabling structure of the buildings, replacement of the outdated light installations and floor coverings, and re-painting of surfaces, etc.;
- Reorganized BMS structure and modernized working tools (e.g. automated facility management systems), to achieve higher efficiency and output;
- Transfer of certain projects from the BMS budget to the MRRF to which the Austrian Government contributes;
- Cost savings and environmentally beneficial measures such as the usage of less costly well water in certain areas, the further reduction of utility usage and the charging of utility costs to certain commercial users, and a review of some recurrent maintenance contracts leading to a re-tendering of these contracts to lower cost contractors and/or to an in-sourcing of services.

MAJOR PROGRAMME I: INDIRECT COSTS

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

General description

I.1. The Programme collects the indirect costs and provides a transparent way of identifying these costs and monitoring their development over time.

I.2. Indirect costs are 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 scheme are shown under this Programme.

I.3. The following list 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) – 15.61 per cent;
- (c) Joint language training (UNOV) – per enrolled staff;
- (d) UNIDO contribution to common buildings management – 16.468 per cent;
- (e) Reimbursement to the Major Repair Fund – 16.468 per cent;
- (f) UNIDO contribution to joint buildings management
(conference technicians and operating costs) – 39.06 per cent;
- (g) Language and documentation services (UNOV) –share based on workload;
- (h) Security and safety services (UNOV) – 16.468 per cent;
- (i) Contribution to joint activities with various United Nations bodies – average 1.5 per cent;
- (j) Joint communication services (UNOV) – 32.5 per cent.

I.4. The resource estimates under each of the above items are presented in the summary table. The total budgeted expenditure (at 2004-2005 costs) under contributions to the cost-shared services has increased by €1,208,600 (7 per cent).

I.5. The most significant increase in the amount of €1,550,100 (at 2004-2005 costs) is under the contribution to the security and safety services run by UNOV. The cost increase was triggered by the various security improvement measures, approved by the General Assembly, for Vienna as a duty station. While some of the improvements were of a one-time investment type, a significant element of the package represented an increase in security personnel on duty. Together with other increases in recurring costs for maintenance of security equipment, UNIDO's contribution increased by 79 per cent. This additional amount could not have been fully offset by reductions in other programmes, or contributions and therefore is presented as an additional requirement.

I.6. Another aspect of the increased security-related costs is the higher contribution level to joint activities with United Nations bodies. The increase by €136,500 is attributable to the significantly more expensive malicious acts insurance (administered by the United Nations) and to the significant increase in UNIDO's contribution to the worldwide security infrastructure operated by the United Nations.

I.7. The second most significant increase in the indirect costs is under UNIDO's contribution to ASHI applicable to retired staff. The item represents the biennial cost of the liability of the Organization to provide after-service health insurance to retired staff. The expenditures at 2004-2005 costs are estimated to increase by €648,300 (19 per cent), due to a steep increase in the premium rates during 2005 and the increased number of retirees receiving ASHI.

I.8. The decreased expenditure in UNIDO's contribution to common buildings management by €1,124,900 mainly results from the reduction of subsidies to the catering operation and the withdrawal of €1,409,000 from the Buildings Management special account.

Objective, outcomes and performance indicators

I.9. The objective, outcomes and performance indicators of the common and joint services are described in detail in the programme and budget documents of the responsible organizations.

I.10. Common and joint buildings management services are fully described under Major Programme H – Buildings Management.

Resources

Resource estimates (in euros)

Posts			2006-2007 estimates (after recosting)			
General	Professional	Service	Total	Regular budget	Operational budget	Total
				4,722,700		4,722,700
				14,138,071		14,138,071
				1,004,100		1,004,100
				19,864,871		19,864,871
				19,864,871		19,864,871

2006-2007 estimates (after recosting)	
	Regular budget
After-service medical coverage	4,217,300
Joint medical services (IAEA)	483,900
Joint language training	21,500
UNIDO contribution to common BMS	6,422,751
Reimbursement to Major Repair Fund	457,500
UNIDO contribution to joint BMS	752,700
Language and documentation services	1,808,000
Security and safety services (UNOV)	3,687,720
Contribution to joint activities with UN bodies	1,009,400
Joint communications services (UNOV)	1,004,100
Total gross expenditure	19,864,871
Total income	
Total net resources	19,864,871

SPECIAL RESOURCES FOR AFRICA

Introduction

1. In the course of 2004 and 2005, most of the economies of sub-Saharan Africa continued to demonstrate negative trends in their development, with a continuous decline in growth rates and a failure to respond to the major challenges of the Millennium Declaration Goals. In that context, the adoption of the African Productive Capacity Initiative (APCI) as the industrial component of NEPAD by the African Union at its Summit of Heads of State in July 2004 was a proactive response to the challenges of Africa's development. Within the framework of the renewed development agenda of regional integration, the United Nations Millennium Development Goals and NEPAD, UNIDO will ensure that programmes/projects implemented under APCI will gradually be included in the national coordination process of the PRSP.

2. In line with APCI and NEPAD, the Organization maintained its course on strengthening a regional approach and viewing the sectoral problems of development of African countries within this perspective. At the same time, a new dimension of drastically merging multilateral efforts and improving cooperation with other United Nations agencies marked 2004 for UNIDO. Not only jointly managing post-conflict and industrial recovery and rehabilitation programmes, but also expanding this cooperation to private sector development with UNDP has changed the planning of the main technical assistance services of UNIDO in Africa. The goal of securing special resources for these activities to promote development in Africa, therefore, remains extremely important.

Objective

3. During the 2006-2007 biennium, the Special Resources for Africa (SRA) will be used to support activities for the identification and development of technical cooperation programmes and projects as well as global forum activities in Africa. The bulk of these funds will be used for the preparation of regional programmes related to APCI and refocusing the ongoing integrated programmes and other activities, in the end meeting the challenges of APCI and the integration of UNIDO into the United Nations-wide scheme of technical assistance to Africa. The remainder will be utilized for the development of stand-alone projects upon specific requests of selected countries, and for policy advisory services at the country level, *ad hoc* requests, Africa-relevant global forum activities, and support to the African Union organs, NEPAD, the Peer Review Mechanism and regional economic communities. Significant emphasis will be put on ensuring the relevance, cost-effectiveness and sustainability of UNIDO services in Africa and their impact on the development process. Guided by the principal directives of the UNIDO corporate strategy, the proposed UNIDO services will render support in the areas of:

- (a) Productive capacity-building and industrial development for the achievement of the MDGs;
- (b) Sustained economic growth, creation of productive employment, income generation and facilitation of social integration;
- (c) Development policies through private sector support, diffusion of environmentally sound technologies, investment promotion and enhanced access to markets;
- (d) Regional and subregional cooperation in promoting the expansion, diversification and modernization of productive capacities in African countries, in particular the LDCs and land-locked countries.

Services provided and expected outputs

4. During the biennium, the SRA will be used in order to provide the following services and to achieve the respective outputs:

(a) Support for the further development of regional programmes, upstream activities and formulation of phase II for those IPs approaching completion. This will be done with special emphasis on the critical evaluation of the results achieved and the assessment of the new development priorities of respective countries. As an integral part of this process, enhanced cooperation with UNDP is foreseen within the framework of the joint UNIDO/UNDP private sector development programme;

(b) A strengthening of the regional approach in line with APCI and NEPAD priorities in order to view the sectoral problems of development of African countries within this perspective. The implementation of the APCI and related activities will eventually lead to the preparation of regional development strategies and plans that would guide Africa's industrial development in the coming years;

(c) Mobilization of domestic and foreign direct investment in Africa through investment and technology promotion activities and cooperation with other United Nations agencies and financial institutions;

(d) Support of South-South cooperation by providing practical insights and ideas for international industrial development cooperation and for economic and technical cooperation among developing countries;

(e) Rapid reaction and development of specifically targeted programmes of assistance to countries emerging from civil wars or affected by natural disasters;

(f) Provision of advisory services with respect to industrial policy development and analytical support of governmental and institutional structures in African countries, including support to the secretariats of NEPAD, the African Union and regional economic communities;

(g) Overall assistance to CAMI in addressing major development issues and preparation of new regional industrial plans and approaches.

5. Details of the activities to be funded from SRA are presented under the respective programmes and programme components to which resource allocations for Africa have been made. Adjustments will be made in response to any emerging priorities, including the subregional sectoral plans of APCI and NEPAD.

REGULAR PROGRAMME OF TECHNICAL COOPERATION

Introduction

1. This section presents as a whole the programmatic description and resources of the Regular Programme of Technical Cooperation for the Organization. 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 effective implementation of the Programme enables 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 in the context of economic globalization, the uneven spread of new technologies, and barriers to trade.

3. 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 global public goods such as technical information, skills, knowledge, and investment promotion required to combat marginalization and poverty.

Outputs

4. Programmatic activities will be carried out in line with the Organization's corporate strategy of enhancing productivity for social advance through the mobilization and 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. In pursuit of socially- and environmentally-oriented industrial development, UNIDO will continue to refine its integrated approach within the Organization and also seek to achieve increased coordination of its services with those of other multilateral and bilateral financing and development agencies.

5. 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 its medium-term programme framework and in the Strategic Guidelines "Towards Improved UNIDO Programme Delivery", as well as the identified needs of recipient countries. They will also be intended to 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 technical cooperation services and, in view of the limited availability of these freely programmable funds, will be used strategically as seed money with a view to encouraging the mobilization of additional resources.

6. Recognizing that poverty eradication is a complex issue, which will not be automatically resolved through economic growth, employment and expansion of economic sectors alone, the UNIDO corporate strategy emphasizes the need for global forum activities for the acquisition and dissemination of knowledge-related to the enhancement of productivity underlying the economic and industrial development process. The Regular Programme for Technical Cooperation will, therefore, also be used to strengthen UNIDO's global forum function to analyze and assess critical issues of industrial development, in partnership with external research institutions as necessary and appropriate. Knowledge gained from this research will be disseminated and fed back into the design of regional and national programmes of technical cooperation. Resources will also be used to provide seed money for the implementation of these programmes.

7. These global forum activities will thus represent an important complement to UNIDO's technical cooperation services, and will cover areas such as the transfer and upgrading of technology, learning, innovation, and the building of skills and capabilities, which have a direct bearing on productivity growth. They will also assist in the benchmarking of industrial performance and the identification and dissemination of international best practices; organizing the exchange of sector and theme-specific information and expertise; and disseminating knowledge on current and emerging trends, challenges and opportunities to inform policy-making.

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

9. Projects will be implemented under the Regular Programme based on the following criteria:

- (a) Preparatory activities, including needs assessments, that will enable UNIDO to develop integrated programmes and/or stand-alone projects based on its service modules to respond to priority needs of recipient countries;
- (b) Upstream and analytical work, including expert group meetings and joint projects with research institutions, 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 in accordance with UNIDO's programmatic priorities and the national or regional priority needs of its beneficiary states.

MISCELLANEOUS INCOME

1. Estimated miscellaneous income for 2006-2007 amounts to €1,538,400 in the regular budget and €315,200 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 2004 and anticipated for 2005, estimates of €1,464,600 under the regular budget and €315,200 in the operational budget are considered reasonable for 2006-2007.

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 was 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, translation and re-printing of publications and CD-ROMs.

6. During a biennium, one-half of the revenue to the fund is credited to miscellaneous income to ensure that the anticipated credit against Member States' contributions for sales 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 table presents the anticipated financial activity during the biennium under the fund:

Revolving fund for sales publications - Estimates of gross and net revenue

(In euros at 2004-2005 costs)

	2004-2005 <u>approved</u> estimates		2006-2007 estimates	
	Sales publications revolving fund	Miscellaneous income	Sales publications revolving fund	Miscellaneous income
Gross sales	73,800	73,800	73,800	73,800
Revolving fund balance of the preceding biennium	121,100		119,800	
Total	194,900	73,800	193,600	73,800
Less expenses against revenue				
Travel	6,100		6,100	
Advertising and publications	18,600		18,600	
Printing	20,200		40,400	
Translation	0		20,000	
Miscellaneous	4,100		4,100	
Consultants	16,000		16,100	
Equipment/materials	10,100		10,100	
Total expenses	75,100	–	115,400	–
BALANCE IN SALES PUBLICATIONS REVOLVING FUND (at the end of each biennium)	119,800		78,200	
NET REVENUE		73,800		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 translation and 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	2004-2005	2006-2007	2006-2007	Recosting	2006-2007	Per cent of	
	approved budget a/ 1	resource growth at 2004-2005 rates 2	resource requirements at 2004-2005 rates 3	to 2006-2007 rates 4	resource requirements at 2006-2007 rates 5	2004-2005 6	2006-2007 7
Expenditure							
A GOVERNING BODIES							
A.1 Meetings of the Governing Bodies	3,213,850	(360,690)	2,853,160	214,400	3,067,560	1.9%	1.8%
A.2 Secretariat of Governing Bodies & Ext. Relations	1,366,100	84,330	1,450,430	36,100	1,486,530	0.8%	0.9%
Subtotal	4,579,950	(276,360)	4,303,590	250,500	4,554,090	2.7%	2.6%
B GENERAL MANAGEMENT							
B.1 Executive Direction and Management	8,423,060	(508,030)	7,915,030	565,100	8,480,130	5.0%	4.9%
B.2 Comptroller General, Int. Audit & Eval. Serv.	3,455,000	592,540	4,047,540	139,100	4,186,640	2.0%	2.4%
Subtotal	11,878,060	84,510	11,962,570	704,200	12,666,770	7.0%	7.3%
MAJOR PROGRAMMES C, D, E and F							
C.0 Energy and Environment		22,200,142	22,200,142	725,221	22,925,363	0.0%	13.2%
D.0 Trade Capacity-Building		24,739,384	24,739,384	883,109	25,622,493	0.0%	14.7%
E.0 Poverty Reduction through Productive Activities		20,693,588	20,693,588	579,827	21,273,415	0.0%	12.2%
F.1 Special Initiatives		8,134,392	8,134,392	289,629	8,424,021	0.0%	4.8%
F.2 Industrial Policy and Research		8,438,647	8,438,647	345,160	8,783,807	0.0%	5.0%
F.3 Regional Policy		9,724,940	9,724,940	256,310	9,981,250	0.0%	5.7%
F.4 Field Operating Costs		8,047,480	8,047,480	887,400	8,934,880	0.0%	5.1%
X.0 Comparative base for C, D, E and F	104,141,240	(104,141,240)				61.6%	0.0%
Subtotal	104,141,240	(2,162,667)	101,978,573	3,966,656	105,945,229	61.6%	60.8%
G ADMINISTRATION							
G.1 Human Resource Management	5,747,610	339,355	6,086,965	138,900	6,225,865	3.4%	3.6%
G.2 Financial Services	6,519,200	300,100	6,819,300	135,200	6,954,500	3.9%	4.0%
G.3 Procurement and Logistics Services	7,879,800	(807,225)	7,072,575	208,000	7,280,575	4.7%	4.2%
G.4 Legal Services	1,048,300	14,760	1,063,060	41,200	1,104,260	0.6%	0.6%
G.5 Information Networks and Knowledge Management	8,429,050	(384,480)	8,044,570	298,200	8,342,770	5.0%	4.8%
G.6 Direction and Management	1,184,400	39,490	1,223,890	22,000	1,245,890	0.7%	0.7%
Subtotal	30,808,360	(498,000)	30,310,360	843,500	31,153,860	18.2%	17.9%
I INDIRECT COSTS							
I.1 Contribution to Shared Serv.& other Indirect Costs	17,728,360	1,208,611	18,936,971	927,900	19,864,871	10.5%	11.4%
Subtotal	17,728,360	1,208,611	18,936,971	927,900	19,864,871	10.5%	11.4%
TOTAL expenditure (excl. major programme H)	169,135,970	(1,643,906)	167,492,064	6,692,756	174,184,820	100.0%	100.0%
H BUILDINGS MANAGEMENT							
H.1 Common Buildings Management	46,066,030	5,827,890	51,893,920	3,342,800	55,236,720	96.2%	96.6%
H.2 Joint Buildings Management	1,804,100	44,200	1,848,300	78,700	1,927,000	3.8%	3.4%
TOTAL expenditure (major programme H)	47,870,130	5,872,090	53,742,220	3,421,500	57,163,720	100.0%	100.0%

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a/ Reflects budget adjustments to the base.

Table 1 (continued)

Programme	2004-2005	2006-2007	2006-2007	Recosting	2006-2007	Per cent of	
	approved budget a/ 1	resource growth at 2004-2005 rates 2	requirements at 2004-2005 rates 3	to 2006-2007 rates 4	requirements at 2006-2007 rates 5	2004-2005	2006-2007
						6	7
Income							
A GOVERNING BODIES							
Subtotal						0.0%	0.0%
B GENERAL MANAGEMENT							
Subtotal						0.0%	0.0%
MAJOR PROGRAMMES C, D, E and F							
C.0 Energy and Environment		138,700	138,700	14,200	152,900	0.0%	4.3%
D.0 Trade Capacity-Building		104,000	104,000	10,700	114,700	0.0%	3.2%
E.0 Poverty Reduction through Productive Activities		52,500	52,500	5,400	57,900	0.0%	1.6%
F.1 Special Initiatives		62,000	62,000	6,400	68,400	0.0%	1.9%
F.3 Regional Policy		63,100	63,100	6,500	69,600	0.0%	2.0%
F.4 Field Operating Costs		1,108,700	1,108,700	113,700	1,222,400	0.0%	34.5%
X.0 Comparative base for C, D, E and F	1,806,000	(1,806,000)				54.3%	0.0%
Subtotal	1,806,000	(277,000)	1,529,000	156,900	1,685,900	54.3%	47.6%
G ADMINISTRATION							
Subtotal						0.0%	0.0%
I INDIRECT COSTS							
Subtotal						0.0%	0.0%
Miscellaneous Income	1,521,800	331,800	1,853,600		1,853,600	45.7%	52.4%
TOTAL income (excl. major programme H)	3,327,800	54,800	3,382,600	156,900	3,539,500	100.0%	100.0%
H BUILDINGS MANAGEMENT							
H.1 Common Buildings Management	46,066,030	5,827,890	51,893,920	3,342,800	55,236,720	96.2%	96.6%
H.2 Joint Buildings Management	1,804,100	44,200	1,848,300	78,700	1,927,000	3.8%	3.4%
TOTAL income (major programme H)	47,870,130	5,872,090	53,742,220	3,421,500	57,163,720	100.0%	100.0%
NET GRAND TOTAL	165,808,170	(1,698,706)	164,109,464	6,535,856	170,645,320		

a/ Reflects budget adjustments to the base

Annex A

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

Programme	2004-2005	2006-2007	2006-2007	Recosting to 2006-2007 rates	2006-2007	Per cent of	
	approved budget a/ 1	resource growth at 2004-2005 rates 2	resource requirements at 2004-2005 rates 3		resource requirements at 2006-2007 rates 5	2004-2005	2006-2007
						6	7
Expenditure							
A GOVERNING BODIES							
A.1 Meetings of the Governing Bodies	3,213,850	(360,690)	2,853,160	214,400	3,067,560	2.2%	2.0%
A.2 Secretariat of Governing Bodies & Ext. Relations	1,366,100	84,330	1,450,430	36,100	1,486,530	0.9%	1.0%
Subtotal	4,579,950	(276,360)	4,303,590	250,500	4,554,090	3.1%	3.0%
B GENERAL MANAGEMENT							
B.1 Executive Direction and Management	8,423,060	(508,030)	7,915,030	565,100	8,480,130	5.7%	5.5%
B.2 Comptroller General, Int. Audit & Eval. Serv.	3,335,900	711,640	4,047,540	139,100	4,186,640	2.3%	2.7%
Subtotal	11,758,960	203,610	11,962,570	704,200	12,666,770	8.0%	8.2%
MAJOR PROGRAMMES C, D, E and F							
C.0 Energy and Environment		19,192,212	19,192,212	643,741	19,835,953	0.0%	12.9%
D.0 Trade Capacity-Building		20,242,224	20,242,224	738,594	20,980,818	0.0%	13.6%
E.0 Poverty Reduction through Productive Activities		18,129,103	18,129,103	505,887	18,634,990	0.0%	12.1%
F.1 Special Initiatives		7,243,867	7,243,867	261,149	7,505,016	0.0%	4.9%
F.2 Industrial Policy and Research		7,236,947	7,236,947	292,560	7,529,507	0.0%	4.9%
F.3 Regional Policy		7,804,540	7,804,540	199,925	8,004,465	0.0%	5.2%
F.4 Field Operating Costs		7,095,760	7,095,760	769,400	7,865,160	0.0%	5.1%
X.0 Comparative base for C, D, E and F	87,136,770	(87,136,770)				59.2%	0.0%
Subtotal	87,136,770	(192,117)	86,944,653	3,411,256	90,355,909	59.2%	58.7%
G ADMINISTRATION							
G.1 Human Resource Management	4,354,110	60,755	4,414,865	106,400	4,521,265	3.0%	2.9%
G.2 Financial Services	5,328,200	(160,800)	5,167,400	114,100	5,281,500	3.6%	3.4%
G.3 Procurement and Logistics Services	6,404,200	(247,425)	6,156,775	184,800	6,341,575	4.3%	4.1%
G.4 Legal Services	1,048,300	(243,640)	804,660	30,600	835,260	0.7%	0.5%
G.5 Information Networks and Knowledge Management	7,785,850	258,720	8,044,570	298,200	8,342,770	5.3%	5.4%
G.6 Direction and Management	1,184,400	39,490	1,223,890	22,000	1,245,890	0.8%	0.8%
Subtotal	26,105,060	(292,900)	25,812,160	756,100	26,568,260	17.7%	17.3%
I INDIRECT COSTS							
I.1 Contribution to Shared Serv. & other Indirect Costs	17,728,360	1,208,611	18,936,971	927,900	19,864,871	12.0%	12.9%
Subtotal	17,728,360	1,208,611	18,936,971	927,900	19,864,871	12.0%	12.9%
TOTAL expenditure (excl. major programme H)	147,309,100	650,844	147,959,944	6,049,956	154,009,900	100.0%	100.0%
H BUILDINGS MANAGEMENT							
H.1 Common Buildings Management	46,066,030	5,827,890	51,893,920	3,342,800	55,236,720	96.2%	96.6%
H.2 Joint Buildings Management	1,804,100	44,200	1,848,300	78,700	1,927,000	3.8%	3.4%
TOTAL expenditure (major programme H)	47,870,130	5,872,090	53,742,220	3,421,500	57,163,720	100.0%	100.0%

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a/ Reflects budget adjustments to the base.

Table 2 (continued)

Programme	2004-2005 approved budget a/ 1	2006-2007 resource growth at 2004-2005 rates 2	2006-2007 resource requirements at 2004-2005 rates 3	Recosting to 2006-2007 rates 4	2006-2007 resource requirements at 2006-2007 rates 5	Per cent of total budget	
						2004-2005 6	2006-2007 7
Income							
A GOVERNING BODIES							
Subtotal						0.0%	0.0%
B GENERAL MANAGEMENT							
Subtotal						0.0%	0.0%
MAJOR PROGRAMMES C, D, E and F							
C.0 Energy and Environment		138,700	138,700	14,200	152,900	0.0%	4.7%
D.0 Trade Capacity-Building		104,000	104,000	10,700	114,700	0.0%	3.6%
E.0 Poverty Reduction through Productive Activities		52,500	52,500	5,400	57,900	0.0%	1.8%
F.1 Special Initiatives		62,000	62,000	6,400	68,400	0.0%	2.1%
F.3 Regional Policy		63,100	63,100	6,500	69,600	0.0%	2.2%
F.4 Field Operating Costs		1,108,700	1,108,700	113,700	1,222,400	0.0%	37.9%
X.0 Comparative base for C, D, E and F	1,618,500	(1,618,500)				53.7%	0.0%
Subtotal	1,618,500	(89,500)	1,529,000	156,900	1,685,900	53.7%	52.3%
G ADMINISTRATION							
Subtotal						0.0%	0.0%
I INDIRECT COSTS							
Subtotal						0.0%	0.0%
Miscellaneous Income	1,394,800	143,600	1,538,400		1,538,400	46.3%	47.7%
TOTAL income (excl. major programme H)	3,013,300	54,100	3,067,400	156,900	3,224,300	100.0%	100.0%
H BUILDINGS MANAGEMENT							
H.1 Common Buildings Management	46,066,030	5,827,890	51,893,920	3,342,800	55,236,720	96.2%	96.6%
H.2 Joint Buildings Management	1,804,100	44,200	1,848,300	78,700	1,927,000	3.8%	3.4%
TOTAL income (major programme H)	47,870,130	5,872,090	53,742,220	3,421,500	57,163,720	100.0%	100.0%
NET GRAND TOTAL	144,295,800	596,744	144,892,544	5,893,056	150,785,600		

a/ Reflects budget adjustments to the base

Annex A

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

Programme	2004-2005 approved budget a/ 1	2006-2007 resource growth at 2004-2005 rates 2	2006-2007 resource requirements at 2004-2005 rates 3	Recosting to 2006-2007 rates 4	2006-2007 resource requirements at 2006-2007 rates 5	Per cent of total budget	
						2004-2005 6	2006-2007 7
Expenditure							
A GOVERNING BODIES							
Subtotal						0.0%	0.0%
B GENERAL MANAGEMENT							
B.2 Comptroller General, Int. Audit & Eval. Serv.	119,100	(119,100)				0.5%	0.0%
Subtotal	119,100	(119,100)				0.5%	0.0%
MAJOR PROGRAMMES C, D, E and F							
C.0 Energy and Environment		3,007,930	3,007,930	81,480	3,089,410	0.0%	15.3%
D.0 Trade Capacity-Building		4,497,160	4,497,160	144,515	4,641,675	0.0%	23.0%
E.0 Poverty Reduction through Productive Activities		2,564,485	2,564,485	73,940	2,638,425	0.0%	13.1%
F.1 Special Initiatives		890,525	890,525	28,480	919,005	0.0%	4.6%
F.2 Industrial Policy and Research		1,201,700	1,201,700	52,600	1,254,300	0.0%	6.2%
F.3 Regional Policy		1,920,400	1,920,400	56,385	1,976,785	0.0%	9.8%
F.4 Field Operating Costs		951,720	951,720	118,000	1,069,720	0.0%	5.3%
X.0 Comparative base for C, D, E and F	17,004,470	(17,004,470)				77.9%	0.0%
Subtotal	17,004,470	(1,970,550)	15,033,920	555,400	15,589,320	77.9%	77.3%
G ADMINISTRATION							
G.1 Human Resource Management	1,393,500	278,600	1,672,100	32,500	1,704,600	6.4%	8.4%
G.2 Financial Services	1,191,000	460,900	1,651,900	21,100	1,673,000	5.5%	8.3%
G.3 Procurement and Logistics Services	1,475,600	(559,800)	915,800	23,200	939,000	6.8%	4.7%
G.4 Legal Services		258,400	258,400	10,600	269,000	0.0%	1.3%
G.5 Information Networks and Knowledge Management	643,200	(643,200)				2.9%	0.0%
Subtotal	4,703,300	(205,100)	4,498,200	87,400	4,585,600	21.5%	22.7%
I INDIRECT COSTS							
Subtotal						0.0%	0.0%
TOTAL expenditure (excl. major programme H)	21,826,870	(2,294,750)	19,532,120	642,800	20,174,920	100.0%	100.0%
H BUILDINGS MANAGEMENT							
TOTAL expenditure (major programme H)							

(Continued next page)

a/ Reflects budget adjustments to the base.

Table 3 (continued)

Programme	2004-2005 approved budget a/ 1	2006-2007 resource growth at 2004-2005 rates 2	2006-2007 resource requirements at 2004-2005 rates 3	Recosting to 2006-2007 rates 4	2006-2007 resource requirements at 2006-2007 rates 5	Per cent of total budget 2004-2005 2006-2007 6 7	
Income							
A GOVERNING BODIES							
Subtotal						0.0%	0.0%
B GENERAL MANAGEMENT							
Subtotal						0.0%	0.0%
MAJOR PROGRAMMES C, D, E and F							
X.0 Comparative base for C, D, E and F	187,500	(187,500)				59.6%	0.0%
Subtotal	187,500	(187,500)				59.6%	0.0%
G ADMINISTRATION							
Subtotal						0.0%	0.0%
I INDIRECT COSTS							
Subtotal						0.0%	0.0%
Miscellaneous Income	127,000	188,200	315,200		315,200	40.4%	100.0%
TOTAL income (excl. major programme H)	314,500	700	315,200		315,200	100.0%	100.0%
H BUILDINGS MANAGEMENT							
TOTAL income (major programme H)							
NET GRAND TOTAL	21,512,370	(2,295,450)	19,216,920	642,800	19,859,720		

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 2004-2005 rates
(In euros)

Programme	Staff costs		Official travel		Operating costs		Information and communication technology		RPTC and SRA activities		Total expenditure		Income		Net requirements	
	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007
A GOVERNING BODIES																
A.1 Meetings of the Governing Bodies	53,000	83,370			3,160,850	2,769,790					3,213,850	2,853,160			3,213,850	2,853,160
A.2 Secretariat of Governing Bodies & Ext. Relations	1,255,900	1,398,000	10,600	8,800	99,600	43,630					1,366,100	1,450,430			1,366,100	1,450,430
Subtotal	1,308,900	1,481,370	10,600	8,800	3,260,450	2,813,420					4,579,950	4,303,590			4,579,950	4,303,590
B GENERAL MANAGEMENT																
B.1 Executive Direction and Management	6,769,200	6,321,860	565,800	505,620	1,025,860	1,020,550	62,200	67,000			8,423,060	7,915,030			8,423,060	7,915,030
B.2 Comptroller General, Int. Audit & Eval. Serv.	3,369,800	3,958,720	53,000	73,820	32,200	11,000	4,000				3,455,000	4,047,540			3,455,000	4,047,540
Subtotal	10,139,000	10,280,580	618,800	579,440	1,058,060	1,031,550	62,200	71,000			11,878,060	11,962,570			11,878,060	11,962,570
MAJOR PROGRAMMES C, D, E and F																
C.0 Energy and Environment	18,017,412		547,170		353,890				3,281,670		22,200,142		(138,700)		22,061,442	
D.0 Trade Capacity-Building	20,864,720		430,800		192,100				3,251,764		24,793,384		(104,000)		24,689,384	
E.0 Poverty Reduction through Productive Activities	13,974,053		229,260		90,210				6,400,065		20,693,588		(52,500)		20,641,088	
F.1 Special Initiatives	6,885,100		241,510		80,760				927,022		8,134,392		(62,000)		8,072,392	
F.2 Industrial Policy and Research	7,568,835		159,420		345,340				365,052		8,438,647		(63,100)		8,438,647	
F.3 Regional Policy	9,252,710		340,220		132,010						9,724,940		(1,108,700)		9,661,840	
F.4 Field Operating Costs	2,665,800		12,520		5,369,160						8,047,480				6,938,780	
X.0 Comparative base for C, D, E and F	79,491,770		2,061,000		8,367,670		31,000		14,189,800		104,141,240		(1,806,000)		102,335,240	
Subtotal	79,491,770		2,061,000		8,367,670		31,000		14,189,800		104,141,240		(1,806,000)		102,335,240	
G ADMINISTRATION																
G.1 Human Resource Management	5,618,300	6,017,475	28,200	40,000	101,110	29,490					5,747,610	6,086,965			5,747,610	6,086,965
G.2 Financial Services	6,493,500	6,787,500	14,800	30,000	10,900	1,800					6,519,200	6,819,300			6,519,200	6,819,300
G.3 Procurement and Logistics Services	5,302,100	4,566,885	12,800	10,720	1,554,900	1,464,970	1,010,000	1,030,000			7,879,800	7,072,575			7,879,800	7,072,575
G.4 Legal Services	1,029,300	1,043,920	8,600	8,940	10,400	10,200					1,048,300	1,063,060			1,048,300	1,063,060
G.5 Information Networks and Knowledge Management	4,339,950	4,304,260	11,600	10,360	477,600	402,600	3,599,900	3,327,350			8,429,050	8,044,570			8,429,050	8,044,570
G.6 Direction and Management	1,154,200	1,172,700	27,000	49,190	3,200	2,000					1,184,400	1,223,890			1,184,400	1,223,890
Subtotal	23,937,350	23,892,740	103,000	149,210	2,158,110	1,911,060	4,609,900	4,357,350			30,808,360	30,310,360			30,808,360	30,310,360
I INDIRECT COSTS																
I.1 Contribution to Shared Serv. & other Indirect Costs	3,964,900	4,546,600			12,811,860	13,430,371	951,600	960,000			17,728,360	18,936,971			17,728,360	18,936,971
Subtotal	3,964,900	4,546,600			12,811,860	13,430,371	951,600	960,000			17,728,360	18,936,971			17,728,360	18,936,971
Miscellaneous Income													(1,521,800)	(1,853,600)		
TOTAL (excl. major programme H)	118,841,920	119,632,420	2,793,400	2,698,350	27,656,150	25,749,871	5,654,700	5,388,350	14,189,800	14,225,573	169,135,970	167,492,064	(3,327,800)	(3,382,600)	165,808,170	164,109,464
H BUILDINGS MANAGEMENT																
H.1 Common Buildings Management	13,583,500	14,216,180	12,200	14,000	32,470,330	37,663,740					46,066,030	51,893,920			46,066,030	51,893,920
H.2 Joint Buildings Management	365,700	367,300			1,438,400	1,481,000					1,804,100	1,848,300			1,804,100	1,848,300
TOTAL (major programme H)	13,949,200	14,583,480	12,200	14,000	33,908,730	39,144,740					47,870,130	53,742,220			47,870,130	53,742,220

a/ Reflects budget adjustments to the base.

Annex B
Table 2. Regular budget expenditure and income by programme and major object of expenditure at 2004-2005 rates
(In euros)

Programme	Staff costs		Official travel		Operating costs		Information and communication technology		RPTC and SRA activities		Total expenditure		Income		Net requirements	
	2004-2005 a/	2007	2004-2005 a/	2007	2004-2005 a/	2007	2004-2005 a/	2007	2004-2005 a/	2007	2004-2005 a/	2007	2004-2005 a/	2007	2004-2005 a/	2007
A GOVERNING BODIES																
A.1 Meetings of the Governing Bodies	53,000	83,370			3,160,850	2,769,790					3,213,850	2,853,160			3,213,850	2,853,160
A.2 Secretariat of Governing Bodies & Ext. Relations	1,255,900	1,398,000	10,600	8,800	99,600	43,630					1,366,100	1,450,430			1,366,100	1,450,430
Subtotal	1,308,900	1,481,370	10,600	8,800	3,260,450	2,813,420					4,579,950	4,303,590			4,579,950	4,303,590
B GENERAL MANAGEMENT																
B.1 Executive Direction and Management	6,769,200	6,321,860	565,800	505,620	1,025,860	1,020,550	62,200	67,000			8,423,060	7,915,030			8,423,060	7,915,030
B.2 Comptroller General, Int. Audit & Eval. Serv.	3,250,700	3,958,720	53,000	73,820	32,200	11,000	4,000	4,000			3,335,900	4,047,540			3,335,900	4,047,540
Subtotal	10,019,900	10,280,580	618,800	579,440	1,058,060	1,031,550	62,200	71,000			11,758,960	11,962,570			11,758,960	11,962,570
MAJOR PROGRAMMES C, D, E and F																
C.0 Energy and Environment	15,309,482		547,170		53,890				3,281,670		19,192,212		(138,700)		19,053,512	
D.0 Trade Capacity-Building	16,367,560		430,800		192,100				3,251,764		20,242,224		(104,000)		20,138,224	
E.0 Poverty Reduction through Productive Activities	11,409,568		229,260		90,210				6,400,065		18,129,103		(52,500)		18,076,603	
F.1 Special Initiatives	5,994,575		241,510		80,760				927,022		7,243,867		(62,000)		7,181,867	
F.2 Industrial Policy and Research	6,367,135		159,420		345,340				365,052		7,236,947		(63,100)		7,173,847	
F.3 Regional Policy	7,332,310		340,220		132,010						7,804,540		(1,108,700)		6,695,840	
F.4 Field Operating Costs	1,915,200		12,520		5,168,040						7,095,760				7,095,760	
X.0 Comparative base for C, D, E and F	63,807,370		2,061,000		7,047,600		31,000		14,189,800		87,136,770		(1,618,500)		85,518,270	
Subtotal	63,807,370	64,695,830	2,061,000	1,960,900	7,047,600	6,062,350	31,000	31,000	14,189,800	14,225,573	87,136,770	86,944,653	(1,618,500)	(1,529,000)	85,518,270	85,415,653
G ADMINISTRATION																
G.1 Human Resource Management	4,224,800	4,345,375	28,200	40,000	101,110	29,490					4,354,110	4,414,865			4,354,110	4,414,865
G.2 Financial Services	5,302,500	5,135,600	14,800	30,000	10,900	1,800					5,328,200	5,167,400			5,328,200	5,167,400
G.3 Procurement and Logistics Services	3,826,500	3,651,085	12,800	10,720	1,554,900	1,464,970	1,010,000	1,030,000			6,404,200	6,156,775			6,404,200	6,156,775
G.4 Legal Services	1,029,300	785,520	8,600	8,940	10,400	10,200					1,048,300	804,660			1,048,300	804,660
G.5 Information Networks and Knowledge Management	3,696,750	4,304,260	11,600	10,360	477,600	402,600	3,599,900	3,327,350			7,785,850	8,044,570			7,785,850	8,044,570
G.6 Direction and Management	1,154,200	1,172,700	27,000	49,190	3,200	2,000					1,184,400	1,223,890			1,184,400	1,223,890
Subtotal	19,234,050	19,394,540	103,000	149,210	2,158,110	1,911,060	4,609,900	4,357,350			26,105,060	25,812,160			26,105,060	25,812,160
I INDIRECT COSTS																
I.1 Contribution to Shared Serv. & other Indirect Costs	3,964,900	4,546,600			12,811,860	13,430,371	951,600	951,600			17,728,360	18,936,971			17,728,360	18,936,971
Subtotal	3,964,900	4,546,600			12,811,860	13,430,371	951,600	951,600			17,728,360	18,936,971			17,728,360	18,936,971
Miscellaneous income																
TOTAL (excl. major programme H)	98,335,120	100,398,920	2,793,400	2,698,350	26,336,080	25,248,751	5,654,700	5,654,700	14,189,800	14,225,573	147,309,100	147,959,944	(1,394,800)	(3,067,400)	144,295,800	144,892,544
H BUILDINGS MANAGEMENT																
H.1 Common Buildings Management	13,583,500	14,216,180	12,200	14,000	32,470,330	37,663,740					46,066,030	51,893,920			(46,066,030)	(51,893,920)
H.2 Joint Buildings Management	365,700	367,300			1,438,400	1,481,000					1,804,100	1,848,300			(1,804,100)	(1,848,300)
TOTAL (major programme H)	13,949,200	14,583,480	12,200	14,000	33,908,730	39,144,740					47,870,130	53,742,220			(47,870,130)	(53,742,220)

a/ Reflects budget adjustments to the base.

Annex B
Table 3. Operational budget expenditure and income by programme and major object of expenditure at 2004-2005 rates
(In euros)

Programme	Staff costs		Official travel		Operating costs		Information and communication technology		RPTC and SRA activities		Total expenditure		Income		Net requirements	
	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007	2004 - 2005 a/	2006 - 2007
A GOVERNING BODIES																
Subtotal																
B GENERAL MANAGEMENT																
B.2 Comptroller General, Int. Audit & Eval. Serv.	119,100														119,100	
Subtotal	119,100														119,100	
MAJOR PROGRAMMES C, D, E and F																
C.0 Energy and Environment		2,707,930				300,000						3,007,930				3,007,930
D.0 Trade Capacity-Building		4,497,160										4,497,160				4,497,160
E.0 Poverty Reduction through Productive Activities		2,564,485										2,564,485				2,564,485
F.1 Special Initiatives		890,525										890,525				890,525
F.2 Industrial Policy and Research		1,201,700										1,201,700				1,201,700
F.3 Regional Policy		1,920,400										1,920,400				1,920,400
F.4 Field Operating Costs		750,600				201,120						951,720				951,720
X.0 Comparative base for C, D, E and F	15,684,400				1,320,070						17,004,470			(187,500)	16,816,970	
Subtotal	15,684,400	14,532,800			1,320,070	501,120					17,004,470	15,033,920		(187,500)	16,816,970	15,033,920
G ADMINISTRATION																
G.1 Human Resource Management		1,393,500										1,393,500				1,393,500
G.2 Financial Services		1,191,000										1,191,000				1,191,000
G.3 Procurement and Logistics Services		1,475,600										1,475,600				1,475,600
G.4 Legal Services		258,400										258,400				258,400
G.5 Information Networks and Knowledge Management		643,200										643,200				643,200
Subtotal	4,703,300	4,498,200									4,703,300	4,498,200			4,703,300	4,498,200
I INDIRECT COSTS																
Subtotal																
Miscellaneous Income														(127,000)	(127,000)	(315,200)
TOTAL (excl. major programme H)	20,506,800	19,031,000			1,320,070	501,120					21,826,870	19,532,120		(314,500)	21,512,370	19,216,920
H BUILDINGS MANAGEMENT																
TOTAL (major programme H)																

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	3.00		3.00	4.00		4.00
Subtotal	3.00	0.00	3.00	4.00	0.00	4.00
B GENERAL MANAGEMENT						
B.1 Executive Direction and Management	12.00		12.00	12.00		12.00
B.2 Comptroller General, Int. Audit & Eval. Serv.	11.00		11.00	6.00		6.00
Subtotal	23.00	0.00	23.00	18.00	0.00	18.00
C ENERGY AND ENVIRONMENT						
C.0 Energy and Environment	45.55	8.10	53.65	23.02	8.85	31.87
Subtotal	45.55	8.10	53.65	23.02	8.85	31.87
D TRADE CAPACITY-BUILDING						
D.0 Trade Capacity-Building	47.70	15.10	62.80	23.60	9.70	33.30
Subtotal	47.70	15.10	62.80	23.60	9.70	33.30
E POVERTY REDUCTION THROUGH PRODUCTIVE ACTIVITIES						
E.0 Poverty Reduction through Productive Activities	34.10	9.20	43.30	12.83	7.25	20.08
Subtotal	34.10	9.20	43.30	12.83	7.25	20.08
F CROSS-CUTTING PROGRAMMES						
F.1 Special Initiatives	17.20	3.50	20.70	8.05	2.80	10.85
F.2 Industrial Policy and Research	15.25	4.00	19.25	13.15	2.00	15.15
F.3 Regional Policy	18.20	8.10	26.30	10.85	0.40	11.25
F.4 Field Operating Costs				42.00	18.00	60.00
Subtotal	50.65	15.60	66.25	74.05	23.20	97.25
G ADMINISTRATION						
G.1 Human Resource Management	8.00	3.00	11.00	15.25	8.00	23.25
G.2 Financial Services	9.00	2.00	11.00	24.00	10.00	34.00
G.3 Procurement and Logistics Services	5.00	2.00	7.00	21.25	3.00	24.25
G.4 Legal Services	2.00	1.00	3.00	2.00		2.00
G.5 Information Networks and Knowledge Management	12.00		12.00	13.50		13.50
G.6 Direction and Management	2.00		2.00	4.00		4.00
Subtotal	38.00	8.00	46.00	80.00	21.00	101.00
I INDIRECT COSTS						
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL (excl. major programme H)	242.00	56.00	298.00	235.50	70.00	305.50

H BUILDINGS MANAGEMENT						
H.1 Common Buildings Management	9.00		9.00	113.00		113.00
H.2 Joint Buildings Management				3.00		3.00
TOTAL (major programme H)	9.00	0.00	9.00	116.00	0.00	116.00