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REPORT OF THE PROGRAMME AND BUDGET COMMITTEE ON THE WORK OF ITS SECOND ADDITIONAL SESSION

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Introduction

1. The Programme and Budget Committee held its second additional session at UNIDO Headquarters, Vienna International Centre, on 6 December 1995 under the chairmanship of Mr. A. Schepisi (Italy), Vice-Chairman of the eleventh session.
2. The session was convened by the Director-General in accordance with Industrial Development Board decision IDB.14/Dec.27, paragraph 4.
3. All 27 members of the Committee participated in the session: Argentina, Belgium, Benin, Brazil, Bulgaria, China, Denmark, Egypt, France, Germany, Hungary, India, Indonesia, Italy, Japan, Madagascar, Mexico, Morocco, Nigeria, Republic of Korea, Russian Federation, Saudi Arabia, Switzerland, Trinidad and Tobago, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania and United States of America.
4. The following 44 Members of UNIDO also attended the session: Algeria, Australia, Austria, Bangladesh, Belarus, Bolivia, Chile, Colombia, Cuba, Czech Republic, Democratic People's Republic of Korea, Ecuador, Finland, Greece, Guatemala, Honduras, Iran (Islamic Republic of), Iraq, Ireland, Jordan, Kuwait, Libyan Arab Jamahiriya, Luxembourg, Mongolia, Namibia, Netherlands, Norway, Oman, Pakistan, Panama, Philippines, Poland, Portugal, Republic of Moldova, Slovakia, Spain, Sudan, Sweden, Thailand, Tunisia, Turkey, Ukraine, Uruguay and Venezuela.
5. The United Nations Office at Vienna was represented.
6. The following intergovernmental organization was represented: League of Arab States.
7. Two Vice-Chairmen, Mr. A. Fithiantsoa (Madagascar) and Mr. I. Petrov (Bulgaria), who were unable to attend the session, were succeeded in that function by Mr. W. M. Zoumarou (Benin) and Mr. I. Kotov (Bulgaria). Mr. A.K. Amrohi (India) was elected to the office of Rapporteur vacated by Mr. B. Balakrishnan (India).
8. The following agenda for the second additional session was adopted:
 1. Opening of the second additional session
 2. Adoption of the agenda
 3. Election of officers
 4. Programme and budgets, 1996-1997
 5. Scale of assessments of Member States for the fiscal period 1996-1997
 6. Working Capital Fund
 7. Special financial arrangements relating to voluntary separations of fixed-term staff
 8. Adoption of the report
 9. Closure of the session
9. The report of the Programme and Budget Committee is submitted to the Industrial Development Board in accordance with Article 10.4 (d) of the Constitution.

10. The report contains the conclusions reached by the Committee. The annex contains a list of documents submitted to the Committee at its second additional session.

11. The conclusions adopted by the Committee as reported below are brought to the attention of the Board at its sixth special session of 7 December 1995.

I. PROGRAMME AND BUDGETS, 1996-1997

12. After consideration of the revised proposals of the Director-General for the programme and budgets, 1996-1997 (PBC/AS.2/2-IDB/S.6/2), based on the withdrawal of the United States of America as announced on 4 December 1995 and a draft conclusion contained in document PBC/AS.2/L.1, the Committee adopted the following conclusion:

Conclusion 95/15

The Programme and Budget Committee:

(a) Took note of the decision of the United States of America to withdraw from the Organization with effect from 31 December 1996;

(b) Took note of the request of the Industrial Development Board contained in decision IDB.14/Dec.27, paragraph 4, concerning the programme and budgets, 1996-1997;

(c) Recalled the recommendation of the Board to the General Conference in the same decision concerning the unutilized balance of the appropriations for the biennium 1992-1993;

(d) Having considered the revised proposals of the Director-General for the programme of work for the 1996-1997 biennium and the corresponding total resource requirements by Major Programme to be financed from the regular and operational budgets as contained in document IDB/S.6/2-PBC/AS.2/2;

(e) Recommended to the Industrial Development Board the adoption of the following draft decision:

“The Industrial Development Board:

“(i) Adopts for submission to the General Conference for consideration and approval the revised proposals of the Director-General for the programme and budgets for 1996-1997 as contained in document IDB/S.6/2-PBC/AS.2/2, on the understanding that the Industrial Development Board at its fifteenth session through the Programme and Budget Committee would undertake an in-depth examination of the programmatic contents of the revised programme and budgets, 1996-1997 in accordance with the arrangements set out under paragraph (vii) above;

“(ii) Recommends to the General Conference the approval on the basis of an exchange rate of US\$ 1 = AS 12.90 of appropriations in the amount of \$210,246,600 for the regular budget of the Organization in 1996-1997, as reflected in the following table:

	(In US dollars)		
	Appropriations	Estimated income	Net requirements
Policy-making Organs	7,347,800		7,347,800
General Management	11,873,900		11,873,900
Country Programmes and Funds Mobilization	25,677,600		25,677,600
Information and Research	15,796,400		15,796,400
Human Resource, Enterprise and Private Sector Development	12,052,600		12,052,600
Industrial Sectors and Environment	19,368,700		19,368,700
Investment and Technology Promotion	13,265,800		13,265,800
Common Programmes	18,069,700		18,069,700
Joint and Common Services	49,983,900	26,986,500	22,997,400
Administration	36,810,20	755,200	36,055,000
Miscellaneous Income		1,605,400	(1,605,400)
Total	210,246,600	29,347,100	180,899,500

Note: The amounts presented in the table are to be adjusted in accordance with the adjustment formula presented at the end of the present decision to take account of exchange rate variations during the biennium.

- “(iii) Also recommends to the General Conference that the foregoing appropriations of \$210,246,600 at an exchange rate of US\$ 1 = AS 12.90 be financed from:
- (i) Payments of contributions by Member States under the provisions of financial regulation 5.5(e) amounting to \$156,360,712 (\$18,763,250 plus the equivalent in United States dollars of AS 1,775,007,266) in accordance with decisions to be adopted by the General Conference at its sixth session concerning the scale of assessments;
 - (ii) Miscellaneous and other income of \$29,347,100;
 - (iii) United States mandatory payment of \$24,538,788 (\$2,944,650 plus the equivalent in United States dollars of AS 278,564,374);
- “(iv) Further recommends to the General Conference the approval of estimates of expenditure totalling \$28,810,000 at an exchange rate of US\$ 1 = AS 12.90 for the purpose of the operational budget for the biennium 1996-1997 to be financed from voluntary contributions and such other income as might be provided for in the financial regulations;
- “(v) Requests, however, at the same time the Director-General to implement the programme and budgets for 1996-1997 within the cash resource availability and in accordance with the contingency plans presented by him;
- “(vi) Takes note that the basis of the 1998-1999 budget appropriation would be \$185,707,812 at an exchange rate of US\$ 1 = AS 12.90 representing the 1996-1997 appropriation of \$210,246,600 less the United States mandatory payment of \$24,538,788;

“(vii) Recommends that the General Conference:

(a) Authorize the Board at its fifteenth session to examine in depth the revised programme and budgets 1996-1997 and recommend such appropriate changes as may be required in the light of a report of the Director-General on the experience of the Organization in implementing the programme and budgets in the first quarter of 1996;

(b) Request the Board at its fifteenth session to review the relevance of the 25 per cent ceiling of assessments as contained in Article 15.2 of the UNIDO Constitution in the light of the discussion which took place at the General Conference;

(c) Also request the Director-General to issue a report on the composition of the Secretariat including relevant information on desirable ranges of representation; and

(d) Request the Director-General to convene an additional session of the Programme and Budget Committee in May 1996 to discuss the reports of the Director-General and make appropriate recommendations to assist the Industrial Development Board in its tasks relating to paragraphs (a) to (c) above;

“(viii) Requests the Director-General to report on the above on a regular basis to the policy-making organs.”

Adjustment formula in US dollars

Appropriations	US dollars	Austrian schillings
Policy-making Organs	430,000 +	89,240,200 /R
General Management	1,361,200 +	135,614,400 /R
Country Programmes and Funds Mobilization	2,907,900 +	293,729,580 /R
Information and Research	2,098,800 +	176,698,700 /R
Human Resource, Enterprise and Private Sector Development	1,497,800 +	136,156,600 /R
Industrial Sectors and Environment	2,363,000 +	219,373,400 /R
Investment and Technology Promotion	1,760,600 +	148,416,800 /R
Common Programmes	5,609,700 +	160,733,940 /R
Joint and Common Services	2,950,800 +	606,726,500 /R
Administration	<u>2,639,100 +</u>	<u>440,807,220 /R</u>
Subtotal - Appropriations	23,618,900 +	2,407,497,340 /R
Estimated income		
Joint and Common Services	1,184,200 +	332,849,800 /R
Administration	28,000 +	9,380,700 /R
Miscellaneous	<u>698,800 +</u>	<u>11,695,200 /R</u>
Subtotal - Estimated income	1,911,000 +	353,925,700 /R
TOTAL NET REQUIREMENTS	21,707,900 +	2,053,571,640 /R

Note 1: The net requirements shown above assume a ratio of 12 per cent in US dollars and 88 per cent in Austrian schillings at an exchange rate of US\$ 1 = AS 12.90.

Note 2: R represents the average United Nations exchange rate for Austrian schilling to US dollar which will be experienced during 1996-1997.

Note 3: The estimates expressed at the United Nations accounting rate of exchange for December 1995 of US\$ 1 = AS 10.00 are: (i) regular budget net requirements \$227,065,100 and (ii) operational budget \$35,546,900.

**II. SCALE OF ASSESSMENTS OF MEMBER STATES
FOR THE FISCAL PERIOD 1996-1997**

13. After consideration of a note by the Secretariat on the scale of assessments of Member States for the fiscal period 1996-1997 (PBC/AS.2/1-IDB/S.6/1) and a draft conclusion contained in document PBC/AS.2/L.2, the Committee adopted the following conclusion:

Conclusion 95/16

The Programme and Budget Committee:

(a) Recalled General Conference decision GC.5/Dec.13 on the scale of assessments of Member States for the biennium 1994-1995;

(b) Took note of Industrial Development Board decision IDB.14/Dec.6 and document PBC/AS.2/1-IDB/S.6/1 on the scale of assessments for the fiscal period 1996-1997;

(c) Recommended to the Industrial Development Board the adoption of the following draft decision:

“The Industrial Development Board recommends to the General Conference the establishment of a scale of assessments for the regular budget expenditures of UNIDO for the fiscal period 1996-1997 based on annex I to document PBC/AS.2/1-IDB/S.6/1, which is based on General Assembly resolution 49/19B adjusted to the membership of UNIDO, and on the understanding that, in accordance with financial regulation 5.6, new Member States shall be assessed for the year in which they become Members on the basis of the United Nations scale of assessments as applicable to UNIDO.”

III. WORKING CAPITAL FUND

14. After consideration of the proposals by the Director-General for the Working Capital Fund (PBC/AS.2/3-IDB/S.6/3) and a draft conclusion contained in document PBC/AS.2/L.3, the Committee adopted the following conclusion:

Conclusion 95/17

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

“The Industrial Development Board:

“(a) Takes note of Industrial Development Board decision IDB.14/Dec.8 and document PBC/AS.2/3-IDB/S.6/3 in which a revised level of the Fund was proposed for the 1996-1997 biennium;

“(b) Recommends to the General Conference that the level of the Working Capital Fund for the 1996-1997 biennium should be \$6,750,000 and that the authorized purposes of the Fund should remain the same as those for the 1994-1995 biennium, i.e., as stipulated in Conference decision GC.2/Dec.27, paragraph (b);

“(c) Urges Member States to pay their outstanding assessed contributions as soon as possible to facilitate reimbursement to the Working Capital Fund.”

IV. SPECIAL FINANCIAL ARRANGEMENTS RELATING TO VOLUNTARY SEPARATIONS OF FIXED-TERM STAFF

15. The Committee considered the proposals of the Director-General for special financial arrangements as contained in chapter IV of his report to the General Conference on the financial situation (GC.6/32) and decided to refer decision on the subject to the Industrial Development Board.

V. ADOPTION OF THE REPORT AND CLOSURE OF THE
SECOND ADDITIONAL SESSION

16. On 6 December 1995 at 8.20 p.m., the Committee closed its second additional session, having entrusted the Rapporteur with the preparation and finalization of the report of its second additional session.

Annex

DOCUMENTS SUBMITTED TO THE PROGRAMME AND BUDGET COMMITTEE
AT ITS SECOND ADDITIONAL SESSION

<u>Symbol</u>	<u>Agenda item</u>	<u>Title</u>
PBC/AS.2/1 IDB/S.6/1	5	Scale of assessments for the fiscal period 1996-1997. Note by the Secretariat
PBC/AS.2/2 IDB/S.6/2	4	Programme and budgets, 1996-1997. Revised proposals by the Director-General
PBC/AS.2/3 IDB/S.6/3	6	Working Capital Fund for the biennium 1996-1997. Proposals by the Director-General
PBC/AS.2/4	2	Provisional agenda