



Distr.  
GENERAL  
IDB.7/14/Corr.1  
1 August 1990  
ENGLISH ONLY

United Nations Industrial Development Organization

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## Industrial Development Board

Seventh session

Vienna, 5-9 November 1990

Agenda item 4 of the provisional agenda

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE  
ON THE WORK OF ITS SIXTH SESSION  
(25-29 June 1990)

Corrigendum

Title page, corner notation

The third line should read Vienna, 5-9 November 1990



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CONTENTS

	<u>Paragraphs</u>	<u>Page</u>	<u>Chapter</u>	<u>Paragraphs</u>	<u>Page</u>
Introduction . . . . .	1 - 9	1	VIII. INDUSTRIAL DEVELOPMENT FUND AND OTHER VOLUNTARY CONTRIBUTIONS . . . . .	29 - 30	6
<u>Chapter</u>			Conclusion 1990/11		
I. ORGANIZATIONAL MATTERS . . . . .	10 - 11	2	IX. FINANCIAL REGULATIONS . . . . .	31 - 32	7
Conclusion 1990/1			Conclusion 1990/12		
II. REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1988-1989; AND BALANCES OF APPROPRIATIONS FOR THE BIENNIUM 1986-1987 . . . . .	12 - 14	2	X. PENSIONABLE REMUNERATION . . . . .	33 - 34	7
Conclusion 1990/2 Conclusion 1990/3			Conclusion 1990/13		
III. FINANCIAL SITUATION OF UNIDO AND REPAYMENT OF THE UNITED NATIONS LOAN . . . . .	15 - 18	3	XI. DATE OF THE SEVENTH SESSION OF THE COMMITTEE . . . . .	35	7
Conclusion 1990/4 Conclusion 1990/5			Conclusion 1990/14		
IV. OPERATIONAL BUDGET, INCLUDING SUPPORT COSTS, AND UNIDO COUNTRY DIRECTOR (SENIOR INDUSTRIAL DEVELOPMENT FIELD ADVISER) PROGRAMME . . . . .	19 - 22	4	XII. ADOPTION OF THE REPORT AND CLOSURE OF THE SIXTH SESSION . . . . .	36	7
Conclusion 1990/6 Conclusion 1990/7					
V. FORMAT OF FUTURE PROGRAMME AND BUDGET PROPOSALS, ANNUAL REPORT AND FINANCIAL STATEMENTS . . . . .	23 - 24	5	<u>Annexes</u>		
Conclusion 1990/8			I. STATEMENTS BY DELEGATIONS		8
VI. APPLICATION OF ANNEX II, PARAGRAPH B, OF THE CONSTITUTION . . . . .	25 - 26	5	II. DOCUMENTS SUBMITTED TO THE COMMITTEE AT ITS SIXTH SESSION		9
Conclusion 1990/9					
VII. MEDIUM-TERM PLAN . . . . .	27 - 28	6	<u>Introduction</u>		
Conclusion 1990/10			1. The Programme and Budget Committee held its sixth session at UNIDO Headquarters, Vienna International Centre, from 25 to 29 June 1990. The following 26 members of the 27 members of the Committee participated in the session:		
			Algeria, Bolivia, Brazil, Colombia, Czechoslovakia, France, Germany, Federal Republic of, Greece, India, Iraq, Italy, Japan, Kenya, Libyan Arab Jamahiriya, Nigeria, Norway, Philippines, Poland, Saudi Arabia, Switzerland, Thailand, Tunisia, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, and Venezuela.		
			2. The following 42 Members of UNIDO also attended the session:		

Argentina, Austria, Bahrain, Bangladesh, Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Chile, China, Côte d'Ivoire, Cuba, Denmark, Ecuador, Egypt, German Democratic Republic, Hungary, Indonesia, Iran, Islamic Republic of, Ireland, Kuwait, Lebanon, Luxembourg, Mexico, Morocco, Netherlands, Oman, Pakistan, Panama, Peru, Portugal, Senegal, Spain, Sudan, Sweden, Turkey, Uruguay, Viet Nam, Yugoslavia, Zaire and Zimbabwe.

3. The United Nations Development Programme and the Asian-African Legal Consultative Committee were represented.

4. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation R. Pabón García (Venezuela) as Chairman; J. Schejbal (Czechoslovakia), A. Baeyens (France), H. Ammar (Tunisia) as Vice-Chairmen; and Ghaleb Fahad (Iraq) as Rapporteur.

5. The agenda for its sixth session as adopted by the Committee is contained in document PBC.6/1/Rev.1. Following the adoption of the agenda, the Director-General made an introductory statement which focused on the financial situation of the Organization.

6. 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.

7. The report contains the conclusions reached by the Committee. Statements of principle made by delegations in connection with the adoption of conclusions are reflected in Annex I to the report. Annex II contains a list of documents submitted to the Committee at its current session.

8. The following conclusions of the Committee contain recommendations which call for action by the Board at its seventh session or are of relevance to the work of that session:

<u>Conclusion</u>	<u>Subject</u>
1990/2	Report of the External Auditor
1990/3	Report of the External Auditor, financial performance report and programme performance report for the biennium 1988-1989; and balances of appropriations for the biennium 1986-1987
1990/4	Financial situation of UNIDO
1990/5	Repayment of the United Nations loan
1990/6	Operational budget, including support costs
1990/7	UNIDO Country Director Programme
1990/8	Format of future programme and budget proposals, annual report and financial statements
1990/9	Application of Annex II, paragraph B, of the Constitution
1990/10	Medium-term plan
1990/11	Industrial Development Fund
1990/12	Financial Regulation 4.1

#### Minute of silence

9. On 25 June, the Committee observed a minute of silence for the victims of the earthquake in the Islamic Republic of Iran.

#### I. ORGANIZATIONAL MATTERS

10. On 25 June, the Committee considered a proposal by the Chairman to optimize the utilization of available conference-servicing resources and adopted conclusion 1990/1.

#### Conclusion 1990/1

The Committee, with the aim of utilizing the available conference-servicing resources to the maximum extent possible, decided to suspend with immediate effect rule 24 of its rules of procedure relating to the quorum, for the meetings of its sixth session only, provided no substantive decisions were taken at those meetings.

11. The Committee also decided to set up informal in-session consultations with the aim of facilitating the drafting of conclusions and entrusted Vice-Chairman A. Baeyens (France) to chair those consultations.

#### II. REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1988-1989; AND BALANCES OF APPROPRIATIONS FOR THE BIENNIUM 1986-1987

12. On 25, 26 and 27 June, the Committee considered the report of the External Auditor on the accounts of UNIDO and of the Industrial Development Fund for the financial period 1988-1989 (PBC.6/15 and Corr.1) and the comments of the Director-General thereon (PBC.6/15/Add.1); the programme performance report (PBC.6/7) and the financial performance report (PBC.6/11) for the biennium 1988-1989 submitted by the Director-General; and a note by the Secretariat on the treatment of outstanding assessed contributions to the regular budget (PBC.6/17).

13. On 29 June, after consideration of a draft conclusion on the report of the External Auditor, submitted by the Chairman (PBC.6/L.11), the Committee adopted conclusion 1990/2.

#### Conclusion 1990/2

The Programme and Budget Committee:

(a) Recalled Financial Regulation 3.12 (b);

(b) Appreciated the urgent need for UNIDO to develop its own electronic data-processing (EDP) system in order to cope with the increasing workload in an effective and co-ordinated manner;

(c) Expressed its concern over the lack of sufficient information provided by the Director-General as contained in document PBC.6/CRP.5 and annex I;

(d) Requested the Director-General to submit as far in advance as possible to the Industrial Development Board at its seventh session a clear and detailed report containing:

- (i) A comprehensive list of contracts and financial commitments relative to the EDP programme by which UNIDO is already bound including the timing of financial obligations by biennium;
  - (ii) Proposals as to which commitments could be postponed without endangering the programme as a whole;
  - (iii) A statement as to what sources of funding the Director-General proposes to use, the costs of each element of the programme, and a breakdown by biennium;
  - (iv) The foreseen short-term and long-term effects of the programme on the Organization, including the consequences on staffing levels and possible redeployment, as well as on technical co-operation activities.
- (iv) Compilation of accounting and financial procedures by preparation of a manual (paras. 31-34);
  - (e) Requested the Director-General to examine in consultation with Member States on the basis of the recommendations of the External Auditor's report:
    - (i) The implications of the split-currency system with a view to obtaining an optimal proportion of Austrian schillings to United States dollars;
    - (ii) The reporting formats for project performance, programme performance, financial performance and technical co-operation activities, in a manner that will facilitate their understanding;

and to report back on the above-mentioned matters to the next session of the Industrial Development Board for its decision;

14. On 29 June, after consideration of a draft conclusion on the report of the External Auditor, the financial performance report and the programme performance report for the biennium 1988-1989 as well as the balances of appropriations for the biennium 1986-1987, submitted by the Chairman (PBC.6/L.13), the Committee adopted conclusion 1990/3.

#### Conclusion 1990/3

##### The Programme and Budget Committee:

(a) Took note with appreciation of the report of the External Auditor on the accounts of the United Nations Industrial Development Organization and of the Industrial Development Fund for the financial period 1988-1989 ended 31 December 1989 (PBC.6/15 and Corr.1 - IDB.7/11 and Corr.1);

(b) Considered the comments of the Director-General on the report of the External Auditor (PBC.6/15/Add.1 - IDB.7/11/Add.1), the financial performance report for the biennium 1988-1989 (PBC.6/11 - IDB.7/10) and the note by the Secretariat on the treatment of outstanding assessed contributions to the regular budget (PBC.6/17 - IDB.7/13);

(c) Requested the External Auditor to give in his reports an overall evaluation of internal control in the Organization, including the performance of internal auditors, and make recommendations aimed at increasing its effectiveness;

(d) Requested the Director-General to take into consideration the observations in the report of the External Auditor and to report to the Board on the action taken by him in implementation thereof, especially with regard to the following audit observations:

- (i) Stricter budgetary control (paras. 61, 62 and 65);
- (ii) Accounting practice in respect of trade-in of vehicles and equipment items (paras. 72-74);
- (iii) Contracts and purchase (paras. 95-135); to be read with decision IDB.4/Dec.26;

(f) Recommended that the Chairman of the Programme and Budget Committee conduct informal consultations to study the appropriate conditions for continued suspension of Financial Regulations 4.2(b) and 4.2(c) allowing UNIDO to retain the 1986-1987 unutilized balance of appropriations, in the context of the computerization programme and report to the Board at its seventh session.

### III. FINANCIAL SITUATION OF UNIDO AND REPAYMENT OF THE UNITED NATIONS LOAN

15. On 25, 26 and 27 June, the Committee considered the opening statement of the Director-General (see para. 5 above), a note by the Secretariat on the status of assessed contributions paid and of advances to the Working Capital Fund and cash flow analysis for 1990 (PBC.6/13) and its update (PBC.6/CRP.3), a progress report by the Director-General on organizational and staff structure of UNIDO (PBC.6/6), a progress report by the Secretariat on the computerization programme of UNIDO (PBC.6/CRP.5), a note by the Secretariat containing an analysis of expenditure items in the 1990 regular budget appropriation (PBC.6/CRP.7) and a statement by a representative of the staff.\*

16. The Committee also considered a progress report by the Director-General on repayment of the United Nations loan (PBC.6/5/Rev.1).

17. On 29 June, after consideration of a draft conclusion on the financial situation of UNIDO, submitted by the Chairman (PBC.6/L.12), the Committee adopted conclusion 1990/4.

#### Conclusion 1990/4

##### The Programme and Budget Committee:

(a) Recognized the increasing needs of developing countries for additional resources to enhance the developmental processes;

\* The Committee decided to give access to the President of the Staff Union under the consideration of item 6 - financial situation of UNIDO - on an exceptional basis and for the current session only.

(b) Bore in mind that the impact of the world economic situation prevailing since the 1980s on the economies of developing countries further strains their limited resources;

(c) Recalled the important role UNIDO undertakes in furnishing industrial resources and technological know-how that provides developing countries with a base to reinitiate growth;

(d) Requested the Director-General and the Chairman of the Programme and Budget Committee to write to the Foreign Ministries of those Member States that are in arrears, informing them of the current financial situation of UNIDO and asking them when they expect to be in a position to pay their assessed contributions. Further asked the Director-General to report on their replies to the Board at its seventh session;

(e) Recalled General Conference decisions GC.3/Dec.23, paragraph (d) and Conference decision GC.2/Dec.22 as well as paragraphs 60 to 62 of the report of the External Auditor (PBC.6/15 and Corr.1 - IDB.7/11 and Corr.1) and the opening statement of the Director-General on the subject and requested the Director-General to prepare proposals to permit at the seventh session of the Programme and Budget Committee an examination of the stipulation that an amount representing 15 per cent from the total amount of the appropriations should be kept in reserve pending receipt from Member States of their assessed contributions;

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

"The Industrial Development Board:

"(i) Urges those Member States that have not yet paid their regular assessed contributions, including advances to the Working Capital Fund for the biennium 1986-1987 and 1988-1989 and for the year 1990 to do so without further delay;

"(ii) Strongly urges the countries with large unliquidated arrears to expedite prompt regular payment of their assessed contributions;

"(iii) Requests the Director-General to report to the Industrial Development Board at its eighth session on the implementation of the present decision."

18. On 29 June, after consideration of a draft conclusion on the repayment of the United Nations loan, submitted by the Chairman (PBC.6/L.4), the Committee adopted conclusion 1990/5.

#### Conclusion 1990/5

The Programme and Budget Committee:

(a) Took note of the report of the Director-General on the repayment of the United Nations loan (PBC.6/5/Rev.1 - IDB.7/8/Rev.1);

(b) Recommended that the Industrial Development Board take note that:

(i) An amount of \$1 million will be paid by UNIDO to the United Nations on 31 July 1990 in accordance with the agreement reached between UNIDO and the United Nations on the modality of repayment of the United Nations loan;

(ii) In the light of the current financial situation of UNIDO and the pattern of delayed or partial payments of assessed contributions, the Organization is not in a position to make accelerated payments in 1990 as provided for in Board decision IDB.5/Dec.22, paragraph (b)(ii).

#### IV. OPERATIONAL BUDGET, INCLUDING SUPPORT COSTS, AND UNIDO COUNTRY DIRECTOR (SENIOR INDUSTRIAL DEVELOPMENT FIELD ADVISER) PROGRAMME

19. On 27 June, the Committee considered a report by the Director-General containing a review of the cost identification system in UNIDO and the cost of regular budget support to technical co-operation and related activities (PBC.6/12), a report by the Director-General on successor arrangements for agency support costs (PBC.6/14), a note by the Secretariat reproducing relevant decisions adopted by the Governing Council of the United Nations Development Programme at its thirty-seventh session (PBC.6/CRP.8) and an assessment of the impact on the operational budget of UNIDO of the Governing Council decision on agency support cost successor arrangements (PBC.6/CRP.9).

20. On 26 and 27 June, the Committee also considered proposals by the Director-General on a long-term financing scheme for the UNIDO Country Director (UCD) programme (PBC.6/16) and a compilation by the Secretariat of resolutions, decisions and conclusions aimed at strengthening the Senior Industrial Development Field Adviser (UNIDO Country Director) programme, 1967-1990 (PBC.6/CRP.2).

21. On 29 June, after consideration of a draft conclusion on the operational budget, including support costs, submitted by the Chairman (PBC.6/L.1), the Committee adopted conclusion 1990/6.

#### Conclusion 1990/6

The Programme and Budget Committee:

(a) Recalled its conclusion 1989/4 on the operational budget, in particular paragraph (b)(ii);

(b) Took note of the report by the Director-General on a review of the cost identification system in UNIDO (PBC.6/12), the note by the Secretariat reproducing four decisions adopted by the Governing Council of the United Nations Development Programme (UNDP) (PBC.6/CRP.8) and an assessment of the impact on the operational budget of UNIDO of the Governing Council decision on agency support cost successor arrangements (PBC.6/CRP.9);

(c) Recommended to the Industrial Development Board that it approve the new system of cost identification proposed by the Director-General in document PBC.6/12 and communicate this document to UNDP and to

specialized agencies as a response to Governing Council decision 90/26, paragraph 21, with the understanding that the system should be further refined so as to take into account the impact on the operational budget of the three elements defined in Governing Council decision 90/26, paragraph 7 (a) to (c);

(d) Took note of the report by the Director-General on successor arrangements for agency support costs (PBC.6/14 - IDB.6/21);

(e) Urged the Director-General to continue to consult closely with the Administrator of UNDP regarding the successor arrangements for agency support costs within the framework agreed in Governing Council decision 90/26, bearing in mind further consideration of specific proposals to be put before the Governing Council at its thirty-eighth session (1991);

(f) Requested the Director-General to take the steps necessary to ensure that all operational budget overhead income is spent on activities relating directly to technical co-operation.

22. On 29 June, after consideration of a draft conclusion on the UNIDO Country Director programme, submitted by the Chairman (PBC.6/L.7), the Committee adopted conclusion 1990/7.

#### Conclusion 1990/7

The Programme and Budget Committee:

(a) Having considered document PBC.6/16, recommended to the Industrial Development Board that:

- (i) It reaffirm that the UNIDO field representation should remain fully integrated in the United Nations Development Programme (UNDP) field offices in accordance with the Memorandum of Understanding signed by the Administrator of UNDP and the Director-General of UNIDO in April 1989;
- (ii) The system of sharing financing with UNDP of the UNIDO Country Director (UCD) programme be maintained;
- (iii) The Director-General pursue his consultations with the Administrator of UNDP on the basis of having a progressive increase of UCD posts without affecting the financing of the existing posts;
- (iv) The Director-General keep the Member States informed, on a continuous basis, of the progress of his consultations;

(b) Urged Member States that are in a position to do so to provide new or further voluntary contributions to the UCD programme;

(c) Requested the Director-General to present to the Board at its eighth session a report on the outcome of his consultations with the Administrator of UNDP.

#### V. FORMAT OF FUTURE PROGRAMME AND BUDGET PROPOSALS, ANNUAL REPORT AND FINANCIAL STATEMENTS

23. On 26 June, the Committee considered a proposal by the Director-General on the format of future programme and budgets and the incorporation of the performance report in the annual report (PBC.6/3 and Add.1).

24. On 29 June, after consideration of a draft conclusion on the format of future programme and budget proposals, annual reports and financial statements, submitted by the Chairman (PBC.6/L.2), the Committee adopted conclusion 1990/8.

#### Conclusion 1990/8

The Programme and Budget Committee:

(a) Recalled its conclusion 1989/4, paragraph (c), by which the Director-General was requested to present an illustration of the proposed format of future programme and budget proposals in line with the recommendations of the independent team of experts (PBC.5/16 and Corr.2);

(b) Took note of the proposals of the Director-General concerning the format of future programme and budgets and the incorporation of the performance report in the Annual Report (PBC.6/3 and Add.1 - IDB.7/3 and Add.1);

(c) Recommended to the Industrial Development Board that it:

- (i) Approve the format of future programme and budgets proposed in document PBC.6/3 and Add.1 - IDB.7/3 and Add.1 and request the Director-General to present the draft budget for the biennium 1992-1993 in this form, taking into account improvements suggested by Member States, particularly the clear separation of the regular budget and the operational budget;
- (ii) Take note of the manner in which qualitative assessments will be made of programme performance in the annual report in future years and their synchronization with the introduction of the new programme budget format.

#### VI. APPLICATION OF ANNEX II, PARAGRAPH B, OF THE CONSTITUTION

25. On 26 June, the Committee considered a note by the Director-General on the application of Annex II, paragraph B, of the Constitution (PBC.6/9 and Add.1).

26. On 29 June, after consideration of a draft conclusion on the application of Annex II, paragraph B, of the Constitution, submitted by the Chairman (PBC.6/L.8), the Committee adopted conclusion 1990/9.

#### Conclusion 1990/9

The Programme and Budget Committee:

(a) Recalled General Conference decision GC.3/Dec.23, paragraph (g),

concerning possible necessary adjustments to the budget procedure in order to apply paragraph B of Annex II of the Constitution, related to the amount of 6 per cent of the total of the regular budget for technical co-operation activities;

(b) Bore in mind the information provided by the Director-General in document PBC.6/9 and Add.1 - IDB.7/9 and Add.1;

(c) Recommended to the Industrial Development Board that it review this matter at its seventh session.

## VII. MEDIUM-TERM PLAN

27. On 27 June, the Committee considered a draft medium-term plan, 1992-1997, submitted by the Director-General (PBC.6/8), an addendum thereto containing a preview of and preliminary indicative general ceiling for the first biennium 1992-1993 (PBC.6/8/Add.1 and Corr.1) and a report by the Director-General on programming of measures established in the medium-term plan, 1990-1995 (PBC.6/4).

28. On 29 June, after consideration of a draft conclusion on the medium-term plan, submitted by the Chairman (PBC.6/L.9), the Committee adopted conclusion 1990/10.

### Conclusion 1990/10

The Programme and Budget Committee:

(a) Recalled General Conference decision GC.2/Dec.23 on the programme and budget planning process and resolution GC.3/Res.21 on the medium-term plan, 1990-1995;

(b) Recommended to the Industrial Development Board that it:

- (i) Take note of the report of the Director-General on the programming of measures established in the medium-term plan, 1990-1995 (PBC.6/4 - IDB.7/4);
- (ii) Also take note of the draft medium-term plan 1992-1997 submitted by the Director-General (PBC.6/8 - IDB.7/7);
- (iii) Request the Director-General to ensure that the prioritization of the thrust areas for which the programme resources have been proposed for 1992-1993 in document PBC.6/8/Add.1 and Corr.1 - IDB.7/7/Add.1 and Corr.1, is in conformity with the priorities already approved for the 1990-1995 medium-term plan (GC.3/17) in General Conference resolution GC.3/Res.21;

(c) Requested the Director-General to prepare the report referred to in General Conference decision GC.3/Dec.24 concerning the practice of zero real growth budget taking into account all the views expressed during the sixth session of the Programme and Budget Committee and submit it to the Board at its seventh session;

(d) Also recommended to the Industrial Development Board that it:

- (i) Approve a ceiling for the regular budget representing zero real growth compared to the 1990-1991 biennium;
- (ii) Request the Director-General, by maximizing efficiency, to ensure that the implementation of the medium-term plan priorities in the budgetary period 1992-1993 is not affected detrimentally by the ceiling referred to in paragraph d (i) above;
- (iii) Request the Director-General to identify, as appropriate, extra-budgetary resources for the implementation of the environment and energy programme proposed for the biennium 1992-1993 in document PBC.6/8/Add.1 and Corr.1 - IDB.7/7/Add.1 and Corr.1;
- (iv) Urge the Director-General in his budget proposals for the biennium 1992-1993 to take into account United Nations General Assembly resolution 44/198 encouraging the executive heads of United Nations specialized agencies to absorb in 1991 and subsequent years a significant portion of the added costs arising from the recommendations of the International Civil Service Commission, relating to staff in Professional and higher categories.

## VIII. INDUSTRIAL DEVELOPMENT FUND AND OTHER VOLUNTARY CONTRIBUTIONS

29. On 26 June, the Committee considered a report by the Director-General on the Industrial Development Fund: estimated resource level and programming for 1991 and 1992 (PBC.6/2), information on the nature of projects financed from the Fund contained in the Annual Report of UNIDO, 1989 (IDB.6/10, chap. VIII, paras. 16-21 and appendix H), and lists of projects approved under the Industrial Development Fund in 1989 (PBC.6/CRP.1).

30. On 29 June, after consideration of a draft conclusion on the Industrial Development Fund, submitted by the Chairman (PBC.6/L.3), the Committee adopted conclusion 1990/11.

### Conclusion 1990/11

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

"The Industrial Development Board:

"(a) Recalls General Conference decision GC.3/Dec.25;

"(b) Takes note of the information on the nature of projects financed from the Industrial Development Fund (IDF), contained in the Annual Report of UNIDO, 1989 (IDB.6/10, chap. VIII, paras. 16-21 and appendix H) and the list of projects approved under the Fund in 1989 (PBC.6/CRP.1);

"(c) Also takes note of the report of the Director-General on the Industrial Development Fund contained in document IDB.7/2 - PBC.6/2 and the programming thrust for 1991 and 1992 proposed in chapter II of that document;

"(d) Decides to delegate authority to the Director-General to approve projects for financing under the Fund in 1991-1992 taking into account the priority areas of the medium-term plan, 1990-1995 (GC.3/17, chap. I);

"(e) With reference to Financial Rule 106.11 and in light of the critical situation of the general-purpose convertible segment of the Fund as well as to allow for programming flexibility, urges all donor Governments to provide part of their contributions to the general-purpose convertible segment of the Fund or to increase such contributions so that a minimum annual level of \$5 million under that segment may be achieved as soon as possible; also urges donor Governments holding balances in the Fund to make the interest income accruing on those balances available to the general-purpose convertible segment;

"(f) Urges Member States to reconsider their IDF pledging policies to ensure that the desirable annual funding level of \$50 million be reached as soon as possible;

"(g) Encourages Member States to consider providing umbrella contributions for financing preparatory assistance activities of large-scale projects and programmes as proposed in document IDB.7/2 - PBC.6/2, paragraph 15 (c)."

#### IX. FINANCIAL REGULATIONS

31. On 27 June, the Committee considered proposed amendments to Financial Regulation 4.1 submitted by the Director-General (PBC.6/10 and Corr.1).

32. On 29 June, after consideration of a draft conclusion on Financial Regulation 4.1, submitted by the Chairman (PBC.6/L.5), the Committee adopted conclusion 1990/12.

##### Conclusion 1990/12

The Programme and Budget Committee, having considered the recommendations of the independent team of experts under programme and budgets of UNIDO concerning Financial Regulation 4.1 (b) (PBC.5/16, para. 124) and the suggestions of the Director-General (PBC.6/10 and Corr.1):

(a) Recommended to the Industrial Development Board that it submit to the General Conference at its fourth session for consideration and adoption the following addition to Financial Regulation 4.1:

##### Financial Regulation 4.1 (c)

"The Director-General is expected at any time to monitor income and expenditure under the operational budget and must take the initiative to reduce expenditure as soon as it becomes clear that actual income will not

be sufficient to support expected expenditure levels."

##### Financial Regulation 4.1 (d)

"The Director-General is authorized to incur obligations and to make payments in excess of the limitations set by the Conference for the operational budget, if the total estimated income from the current fiscal period and the unutilized balance of the operational budget from the previous fiscal periods exceeds expenditure approved under the original budget by more than 10 per cent."

##### Financial Regulation 4.1 (e)

"If the conditions set forth under Regulation 4.1 (d) prevail, all additional service and support must be financed from the operational budget; the amount of regular budget devoted to programme support costs arising from technical co-operation should not be increased without specific approval by the Board."

(b) Also recommended to the Industrial Development Board that it draw to the attention of the General Conference the understanding concerning the proposed Financial Regulation 4.1 (e) as stated in paragraph 3 of document PBC.6/10.

#### X. PENSIONABLE REMUNERATION

33. On 27 June, the Committee considered decision IDB.6/Dec.18, paragraph (f) of the Industrial Development Board and the information contained in a note by the Secretariat on pensionable remuneration (PBC.6/CRP.6).

34. On 29 June, after consideration of a draft conclusion on pensionable remuneration, submitted by the Chairman (PBC.6/L.6), the Committee adopted conclusion 1990/13.

##### Conclusion 1990/13

The Programme and Budget Committee, having considered the explanations in document IDB.6/22, paragraphs 5 to 7, and conference room paper PBC.6/CRP.6, decided to approve the increase in the pensionable remuneration of the Director-General from \$143,400 to \$181,471 to bring it into line with that of the executive heads of other specialized agencies of the United Nations.

#### XI. DATE OF THE SEVENTH SESSION OF THE COMMITTEE

35. On 29 June the Committee adopted conclusion 1990/14.

##### Conclusion 1990/14

The Committee decided to hold its seventh session from 22 to 26 April 1991.

#### XII. ADOPTION OF THE REPORT AND CLOSURE OF THE SIXTH SESSION

36. On 29 June the Committee adopted the draft report of its sixth session (PBC.6/L.10), with the understanding that the Rapporteur would be entrusted with the task of finalizing the report. The Committee closed its sixth session at 11.30 a.m. on 29 June 1990.



Annex I

STATEMENTS BY DELEGATIONS

1. The present annex contains statements of principle delivered by delegations in connection with the adoption of conclusions at the Programme and Budget Committee during its sixth session.

Medium-term plan 1990-1995 (cf. chap. VII)

2. In connection with the adoption of conclusion 1990/10, the delegation of Nigeria said that, while not intending to block consensus on the subject of zero real growth budget with reference to the 1990-1995 medium-term plan, they wished to express their dismay not only regarding the practice of zero real growth, but because rich nations who, they believed, were concerned about the critical economic situation in developing countries continued to insist on it. In the present financial conditions under which UNIDO was operating, efficiency could not realistically be expected to be maximized as requested in paragraph (d) (ii) of conclusion 1990/10. The issue of zero real growth therefore was a matter that required priority attention in order to prevent the work of the Organization from being paralyzed through default.

3. The delegations of Algeria, India and the Philippines endorsed the views expressed by the delegation of Nigeria.

Pensionable remuneration (cf. chap. X)

4. In connection with the adoption of conclusion 1990/13, the delegation of the United States of America referred to an earlier statement in which they had noted in some detail their Government's position on the issue of the proposed increase in pensionable remuneration for the Director-General. The delegation merely wished to reiterate that they did not support such an increase. They believed salaries and pensionable remuneration levels for all United Nations organization heads should be linked, and that the appropriate linkage was with the Administrator of the United Nations Development Programme. While they did not seek to block consensus on that item, they requested that their reservation on that point be reflected in the appropriate section of the report of the Programme and Budget Committee.

## Annex II

DOCUMENTS SUBMITTED TO THE COMMITTEE  
AT ITS SIXTH SESSION

Symbol	Agenda item	Title
PBC.6/1/Rev.1	3	Provisional agenda
PBC.6/1/Rev.1/Add.1	3	Annotations to the provisional agenda
PBC.6/2 IDB.7/2	11	Industrial Development Fund and other voluntary contributions. Industrial Development Fund: Estimated resource level and programming for 1991 and 1992. Report by the Director-General
PBC.6/3 IDB.7/3	8	Format of future programme and budget proposals, annual report and financial statements. Format of future programme and budgets. Proposed by the Director-General
PBC.6/3/Add.1 IDB.7/3/Add.1	8	Format of future programme and budget proposals, annual report and financial statements. The incorporation of the performance report in the annual report. Report by the Director-General
PBC.6/4 IDB.7/4	10	Medium-term plan. Programming of measures established in the medium-term plan, 1990-1995. Report by the Director-General
PBC.6/5/Rev.1 IDB.7/8/Rev.1	14	Repayment of the United Nations loan. Progress report by the Director-General
PBC.6/6 IDB.7/5	6	Financial situation of UNIDO. Organizational and staff structure of UNIDO. Progress report by the Director-General
PBC.6/7 IDB.7/6	5	Report of the External Auditor, financial performance report and programme performance report for the biennium 1988-1989. Programme performance report for the biennium 1988-1989. Submitted by the Director-General
PBC.6/8 IDB.7/7	10	Medium-term plan. Draft medium-term plan, 1992-1997. Submitted by the Director-General
PBC.6/8/Add.1 and Corr.1 IDB.7/7/Add.1 and Corr.1	10	Medium-term plan. Draft medium-term plan, 1992-1997. Addendum. Preview of first biennium 1992-1993 and preliminary indicative general ceiling. Submitted by the Director-General
PBC.6/9 IDB.7/9 and Add.1	9	Application of Annex II, paragraph B, of the Constitution. Note by the Director-General
PBC.6/10 and Corr.1	13	Financial regulations. Proposed amendments to Financial Regulation 4.1. Submitted by the Director-General
PBC.6/11 IDB.7/10	5	Report of the External Auditor, financial performance report and programme performance report for the biennium 1988-1989. Financial performance report for the biennium 1988-1989. Submitted by the Director-General
PBC.6/12	7	Operational budget, including support costs. Review of the cost identification system in UNIDO and the cost of regular budget support to technical co-operation and related activities. Report by the Director-General
PBC.6/13	6	Financial situation of UNIDO. Status of assessed contributions paid and of advances to the Working Capital Fund and cash flow analysis for 1990. Note by the Secretariat
PBC.6/14 IDB.6/21	7	Operational budget, including support costs. Successor arrangements for agency support costs. Report by the Director-General
PBC.6/15 IDB.7/11 and Corr.1	5	Report of the External Auditor, financial performance report and programme performance report for the biennium 1988-1989. Report of the External Auditor on the accounts of the United Nations Industrial Development Organization and of the Industrial Development Fund for the financial period 1988-1989 ended 31 December 1989
PBC.6/15/Add.1 IDB.7/11/Add.1	5	Report of the External Auditor, financial performance report and programme performance report for the biennium 1988-1989. Comments of the Director-General on the report of the External Auditor

Symbol	Agenda item	Title
PBC.6/16 IDB.7/12	12	Senior Industrial Development Field Adviser (UNIDO Country Director) programme. Proposal for a long-term financing scheme for the Senior Industrial Development Field Adviser (UNIDO Country Director) programme. Submitted by the Director-General
PBC.6/17 IDB.7/13	5	Report of the External Auditor, financial performance report and programme performance report for the biennium 1988-1989. Treatment of outstanding assessed contributions to the regular budget. Note by the Secretariat
<u>Conference room papers</u>		
PBC.6/CRP.1	11	Lists of projects approved under the Industrial Development Fund (IDF) in 1989. Prepared by the Secretariat
PBC.6/CRP.2	12	Resolutions, decisions and conclusions aimed at strengthening the Senior Industrial Development Field Adviser (UNIDO Country Director) programme, 1967-1990. Compiled by the Secretariat
PBC.6/CRP.3	6	Status of assessed contributions paid and of advances to the Working Capital Fund and cash flow analysis for 1990. Note by the Secretariat
PBC.6/CRP.4	3	Annotations to the provisional agenda: List of documents. Note by the Secretariat
PBC.6/CRP.5	6	Progress report on the computerization programme of UNIDO. Note by the Secretariat
PBC.6/CRP.6	15	Pensionable remuneration. Note by the Secretariat
PBC.6/CRP.7	6	Analysis of expenditure items in the 1990 regular budget appropriation. Note by the Secretariat
PBC.6/CRP.8	7 12	Operational budget, including support costs. Senior Industrial Development Field Adviser (UNIDO Country Director) programme. Note by the Secretariat
PBC.6/CRP.9	7	An assessment of the impact on the operational budget of UNIDO of the Governing Council decision on agency support cost successor arrangements. Note by the Secretariat
PBC.6/CRP.10		List of participants