

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Eighth session

Vienna, 29 November-3 December 1999

REPORT OF THE INDUSTRIAL DEVELOPMENT BOARD ON THE WORK OF ITS TWENTIETH SESSION

(19-20 November 1998)

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Introduction

1. The report of the Industrial Development Board on the work of its twentieth session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. The summary records of the Board (IDB.20/SR.1-4), where details of the proceedings are contained, form an integral part of the present report.

2. The following decisions of the Board, reproduced in annex I, are related to the work of the General Conference at its eighth session:

IDB.20/Dec.3	Audit-related matters
IDB.20/Dec.4	Financial situation of UNIDO: unutilized balances from the 1992-1993 biennium
IDB.20/Dec.5	Programme and budgets, 1998-1999
IDB.20/Dec.9	Special Programme for the Industrial Development of Asia and the Pacific

I. ORGANIZATIONAL AND PROCEDURAL MATTERS

3. The twentieth session of the Board was held at UNIDO Headquarters, Vienna International Centre, from 19 to 20 November 1998 (4 plenary meetings—see IDB.20/SR.1-4).

Participation

4. The following 51 of the 53 members of the Board were represented at the session: Algeria, Argentina, Austria, Belgium, Brazil, Bulgaria, China, Colombia, Côte d'Ivoire, Cuba, Denmark, Ecuador, Egypt, France, Germany, Ghana, Greece, Hungary, India, Indonesia, Iran (Islamic Republic of), Italy, Japan, Kenya, Kuwait, Luxembourg, Madagascar, Mexico, Morocco, Nigeria, Norway, Pakistan, Paraguay, Peru, Poland, Portugal, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Sierra Leone, Spain, Sudan, Switzerland, Syrian

Arab Republic, Thailand, Tunisia, Turkey, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland and Uruguay.

5. The following 51 Member States of UNIDO also participated in the session: Angola, Armenia, Azerbaijan, Belarus, Bolivia, Bosnia and Herzegovina, Burkina Faso, Chile, Costa Rica, Croatia, Cyprus, Czech Republic, Democratic People's Republic of Korea, Ethiopia, Finland, Gabon, Georgia, Guatemala, Guinea, Haiti, Iraq, Ireland, Israel, Jordan, Lebanon, Liberia, Libyan Arab Jamahiriya, Malaysia, Namibia, Netherlands, New Zealand, Nicaragua, Oman, Panama, Philippines, Qatar, Republic of Moldova, Rwanda, Senegal, Slovakia, Slovenia, Sri Lanka, Sweden, The former Yugoslav Republic of Macedonia, Uganda, Ukraine, United Republic of Tanzania, Venezuela, Viet Nam, Yemen and Zimbabwe.

6. The Holy See and South Africa participated as observers.

7. The permanent observer of Palestine also participated.

8. The following United Nations bodies were represented: Economic Commission for Europe, United Nations Development Programme, United Nations Office at Vienna and United Nations Joint Inspection Unit.

9. The following United Nations specialized agencies were represented: Food and Agriculture Organization of the United Nations, International Atomic Energy Agency, United Nations Educational, Scientific and Cultural Organization and World Health Organization.

10. The following other intergovernmental organizations were represented: European Commission, International Centre for Genetic Engineering and Biotechnology, International Institute of Refrigeration, International Organization for Migration and League of Arab States.

11. The following non-governmental organizations were represented: African Technology Development Link, DEULA Nienburg (German Academy for Agriculture), Institut Supérieur de Gestion, International Confederation of Free Trade Unions, International Federation of Business and Professional Women, International Organization of Experts, International Technology Information Centre and World Association for Small and Medium Enterprises.

Opening of the session

12. The twentieth session of the Industrial Development Board was declared open by its President, Mr. F. Pittaluga Fonseca (Uruguay).

Officers of the session

13. Vice-President Mr. A. Nizam Al-Din (Syrian Arab Republic) and the Rapporteur, Mr. I. Kotov (Bulgaria), who were unable to attend the session, were succeeded in those functions by Mr. R. Siage (Syrian Arab Republic) and Mr. T. Spasov (Bulgaria), respectively.

Agenda of the session

14. The Board adopted the following agenda:

1. Opening of the session.
2. Adoption of the agenda.
3. Report of the Programme and Budget Committee:
 - (a) Report of the External Auditor, financial performance report and programme performance report for the biennium 1996-1997;
 - (b) Financial situation of UNIDO;
 - (c) Programme and budgets, 1998-1999;
 - (d) Financial regulations;
 - (e) Medium-term programme framework, 2000-2003;
 - (f) Industrial Development Fund and other voluntary contributions.
4. Programmatic review, including system-wide issues.
5. Field representation.
6. Performance indicators.
7. Provisional agenda and date of the twenty-first session.
8. Adoption of the report.
9. Closure of the session.

15. The Board adopted a proposal by the President to ensure the maximum utilization of available conference-servicing resources (see annex I, decision IDB.20/Dec.1).

16. The Board decided to set up informal, in-session consultations with the aim of facilitating the drafting of decisions and entrusted Mr. A. Nur (Sudan), Vice-President, to chair those consultations (see IDB.20/SR.2, paras. 1 to 5).

II. REPORT OF THE PROGRAMME AND BUDGET COMMITTEE

17. The Board decided to discuss simultaneously sub-items (a) to (f). The debate on those sub-items is reflected in summary records IDB.20/SR.1, paragraphs 19 to 62 and IDB.20/SR.2, paragraphs 8 to 120. The Board had before it the report of the Programme and Budget Committee on the work of its fourteenth session (IDB.20/2) and the documents mentioned under A to F below. The Board considered a draft decision submitted by the President (IDB.20/L.7) and adopted decision IDB.20/Dec.2 (see annex I).

A. Report of the External Auditor, financial performance report and programme performance report for the biennium 1996-1997

18. The Board had before it 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 1996-1997 ended 31 December 1997 (IDB.20/3) and the comments of the Director-General thereon (IDB.20/10), the financial performance report for the biennium 1996-1997 submitted by the Director-General (IDB.20/5) and a note submitted by the Secretariat on audit-related matters (IDB.20/6). At the suggestion of the President, the Board took note of the information provided at the request of the External Auditor in document IDB.20/6 (IDB.20/SR.4, paras. 4-5).

B. Financial situation of UNIDO

19. The Board had before it a report by the Director-General on the financial situation of UNIDO (IDB.20/8), a report by the Director-General on 1992-1993 unutilized balances (IDB.20/11) and a conference room paper on the financial situation of UNIDO submitted by the Secretariat (IDB.20/CRP.3). The Board considered a draft decision submitted by the President (IDB.20/L.2) and adopted decision IDB.20/Dec.4 (see annex I).

C. Programme and budgets, 1998-1999

20. The Board had before it proposed adjustments to the programme and budgets submitted by the Director-General (IDB.20/7) and a report by the Director-General on the future of Buildings Management Section (IDB.20/18). The Board considered a draft decision submitted by the President (IDB.20/L.3) and adopted decision IDB.20/Dec.5 (see annex I).

D. Financial regulations

21. The Board had before it a note submitted by the Secretariat on audit-related matters (IDB.20/6, chapters I and IV). The Board took note of the information provided by the Secretariat (IDB.20/SR.4, paras. 4-5).

E. Medium-term programme framework, 2000-2003

22. The Board had before it proposals of the Director-General on a preview of the medium-term programme framework, 2000-2003, and preliminary indicative general ceiling for the programme and budgets, 2000-2001 (IDB.20/9). The Board considered a draft decision submitted by the President (IDB.20/L.4) and adopted decision IDB.20/Dec.6 (see annex I).

F. Industrial Development Fund and other voluntary contributions

23. The Board had before it a report by the Director-General on the Industrial Development Fund and other voluntary contributions (IDB.20/4). The Board considered a draft decision submitted by the President (IDB.20/L.5) and adopted decision IDB.20/Dec.7 (see annex I).

III. PROGRAMMATIC REVIEW, INCLUDING SYSTEM-WIDE ISSUES; FIELD REPRESENTATION; PERFORMANCE INDICATORS

24. The Board decided to discuss simultaneously agenda item 4 (Programmatic review, including system-wide issues), item 5 (Field representation) and item 6 (Performance indicators). The debate on the three items is reflected in summary record IDB.20/SR.3, paragraphs 7 to 50.

A. Programmatic review, including system-wide issues

25. The Board had before it a report by the Director-General on the Second Industrial Development Decade for Africa (IDB.20/12), a report by the Director-General on the contribution of UNIDO to the System-Wide Action Plan on Drug Abuse Control (IDB.20/13), a report by the Director-General on UNIDO activities in Asia and the Pacific (IDB.20/14), a report by the Director-General on activities of the Joint Inspection Unit (IDB.20/15) and a conference room paper containing references to resolutions and decisions of relevance to UNIDO (IDB.20/CRP.2). The Board considered three draft decisions submitted by the President (IDB.20/L.8, IDB.20/L.9, IDB.20/L.10) and adopted decisions IDB.20/Dec.8, IDB.20/Dec.9 and IDB.20/Dec.10, respectively (see annex I).

B. Field representation

26. The Board had before it a progress report by the Director-General on field representation (IDB.20/16) and a conference room paper by the Secretariat on field representation (IDB.20/CRP.4). At the suggestion of the President, the Board took note of information provided by the Secretariat (IDB.20/SR.4, paras. 42-43).

C. Performance indicators

27. The Board had before it a report by the Director-General on performance indicators (IDB.20/17) and a conference room paper by the Secretariat on performance indicators (IDB.20/CRP.5). At the suggestion of the President, the Board took note of information provided by the Secretariat (IDB.20/SR.4, paras. 42-43).

IV. PROVISIONAL AGENDA AND DATE OF THE TWENTY-FIRST SESSION

28. The Board had before it a conference room paper by the Director-General on the provisional agenda and date of the twenty-first session (IDB.20/CRP.1). The Board considered a draft decision submitted by the President (IDB.20/L.6) and adopted decision IDB.20/Dec.10 (see annex I).

**V. ADOPTION OF THE REPORT OF
THE SESSION**

29. The Board considered the draft report (IDB.20/L.1) and adopted it as a whole with the understanding that the Rapporteur would be entrusted with the task

of finalizing the report (see summary record IDB.20/SR.4, paras. 46-48).

VI. CLOSURE OF THE TWENTIETH SESSION

30. On 20 November 1998, at 6.50 p.m. the Board closed its twentieth session.

Annex I

**DECISIONS ADOPTED BY THE BOARD
AT ITS TWENTIETH SESSION**

IDB.20/Dec.1 Utilization of available conference servicing resources

The Industrial Development Board, with the aim of utilizing the available conference-servicing resources to the maximum possible effect, decided to suspend with immediate effect rule 32 of its rules of procedure relating to the quorum, for the meetings of its twentieth session only and provided no substantive decisions were taken at those meetings.

*1st plenary meeting
19 November 1998*

IDB.20/Dec.2 Dates of the Programme and Budget Committee, fifteenth session

The Industrial Development Board:

(a) Took note of Programme and Budget Committee conclusion 98/8;

(b) Also took note of the information conveyed by the Chairman of the Programme and Budget Committee concerning the availability of facilities for the fifteenth session of the Committee;

(c) Decided that the fifteenth session of the Programme and Budget Committee should be held during the week of 12 to 16 April 1999.

*4th plenary meeting
20 November 1998*

IDB.20/Dec.3 Audit-related matters

The Industrial Development Board recommended that the General Conference take note of the information provided at the request of the External Auditor in document IDB.20/6 on audit-related matters.

*4th plenary meeting
20 November 1998*

IDB.20/Dec.4 Financial situation of UNIDO: unutilized balances from the 1992-1993 biennium

The Industrial Development Board:

(a) Recalled General Conference decision GC.7/Dec.17 concerning the staff separation programme;

(b) Took note of document IDB.20/11 providing information on the unutilized balances (cash surplus) from the 1992-1993 biennium;

(c) Agreed with the position of the Director-General contained in document IDB.20/11, paragraph 4, that the level of late paid 1994-1995 assessed contributions and voluntary contributions or advances of Member States were not sufficient to finance the staff separation programme as requested in decision GC.7/Dec.17;

(d) Recommended to the General Conference that it formalize retention by the Director-General of \$1,194,924 of the unutilized balances for 1992-1993 to partially finance the staff separation programme and to this effect suspend financial regulation 4.2 (c) with regard to the before-mentioned sum until the eighth session of the General Conference.

*4th plenary meeting
20 November 1998*

IDB.20/Dec.5 Programme and budgets, 1998-1999

The Industrial Development Board:

(a) Endorsed the adjustments to the programme and budgets for 1998-1999 outlined in paragraphs 13 to 21 of document IDB.20/7, within the context of General Conference decision GC.7/Dec.16, paragraph (e);

(b) Took note of the information provided in the programme and budget document (GC.7/21), indicating that a reallocation of budgetary resources would be required in the event that UNIDO continued to maintain responsibility for Buildings Management;

(c) Also took note of the inclusion in document GC.7/21 of information on the essential requirements programme for the VIC, for which no budgetary resources had been provided;

(d) Requested the Director-General, in accordance with financial regulation 3.9:

- (i) To submit for approval by the eighth session of the General Conference the necessary supplementary estimates for the current fiscal period for the measures relating to Buildings Management and VIC essential requirements while being implemented in the 1998-1999 biennium, as referred to in paragraphs 22 to 34 of document IDB.20/7;
- (ii) To submit the above estimates relating to Buildings Management and VIC essential requirements in an amount not to exceed \$19.6 million, as presented in table 1 of document IDB.20/7;

(e) Took note of the assurance of the Director-General that, due to existing cost-sharing arrangements with the VIC-based organizations, the measures in paragraphs 22 to 34 in document IDB.20/7 would not result in an additional financial burden for Member States of UNIDO.

*4th plenary meeting
20 November 1998*

IDB.20/Dec.6 Medium-term programme framework, 2000-2003

The Industrial Development Board:

(a) Recalled General Conference decisions GC.7/Dec.15, paragraph (g) and GC.7/Dec.16, paragraph (f);

(b) Took note of document IDB.20/9 entitled medium-term programme framework, 2000-2003;

(c) Requested the Director-General to submit to the Programme and Budget Committee, at its fifteenth session, a revised medium-term programme framework, 2000-2003, taking into account the general orientation contained in document IDB.20/9 and the comments made by Member States during the fourteenth session of the Programme and Budget Committee and the twentieth session of the Industrial Development Board.

*4th plenary meeting
20 November 1998*

IDB.20/Dec.7 Industrial Development Fund and other voluntary contributions

The Industrial Development Board:

(a) Took note of the information contained in document IDB.20/4;

(b) Decided to delegate to the Director-General the authority to approve projects for financing under the Industrial Development Fund in 1999 and 2000 in accordance with the information contained in chapter I of that document;

(c) Encouraged Member States and other donors to increase their voluntary contributions to UNIDO and specifically to the Industrial Development Fund;

(d) Also encouraged donors to consider contributing programmable funds, specifically to enable UNIDO to implement the new products referred to in chapter II of document IDB.20/4;

(e) Further encouraged Member States to enable UNIDO to access funds from bilateral sources;

(f) Encouraged Governments of recipient countries to play a more active role in sharing with UNIDO the responsibility to mobilize funds for jointly-identified high-priority products from sources available to them.

*4th plenary meeting
20 November 1998*

IDB.20/Dec.8 Contribution of UNIDO to the System-Wide Action Plan on Drug Abuse Control

The Industrial Development Board:

(a) Reiterated the importance for the programming of UNIDO to be in compliance with General Conference resolution GC.7/Res.1 concerning the Business Plan;

(b) Recalled decisions IDB.11/Dec.7 and IDB.12/Dec.7;

(c) Took into account the resolutions approved by the twentieth special session of the General Assembly devoted to countering the world drug problem together;

(d) Took note of the report of the Director-General on the contribution of UNIDO to the System-Wide Action Plan on Drug Abuse Control (IDB.20/13);

(e) Requested the Director-General to continue exploring options to enhance synergies and interaction, in conformity with the Business Plan, between UNIDO and the United Nations International Drug Control Programme, in the framework of their respective mandates and competencies, to promote as appropriate the efforts of the United Nations system to combat the world drug problem;

(f) Also requested the Director-General to include, as appropriate and necessary, any relevant information in future annual reports.

*4th plenary meeting
20 November 1998*

IDB.20/Dec.9 Special Programme for the Industrial Development of Asia and the Pacific

The Industrial Development Board:

(a) Recalled General Conference resolution GC.7/Res.8 on the Special Programme for the Industrial Development of Asia and the Pacific;

(b) Also recalled the Business Plan on the Future Role and Functions of UNIDO contained in the annex to Board decision IDB.17/Dec.2;

(c) Took note with appreciation of the information contained in document IDB.20/14 concerning UNIDO activities in Asia and the Pacific;

(d) Requested the Director General:

(i) To ensure continued and effective implementation of General Conference resolution GC.7/Res.8;

(ii) To present an updated report in that regard to the eighth session of the General Conference and on the additional steps that need to be taken with regard to the Asia and the Pacific region.

*4th plenary meeting
20 November 1998*

**I D B . 2 0 / D e c . 1 0
Implementation of the Business Plan in Africa**

The Industrial Development Board:

(a) Recalled General Conference resolution GC.7/Res.1 and Board decision IDB.19/Dec.2;

(b) Recognized with appreciation the efforts of the Director-General in the speedy finalization of the new service modules of UNIDO and their application in Africa;

(c) Appreciated and encouraged the steps taken by Member States in response to the programmatic reform measures pursued by UNIDO;

(d) Welcomed the positive outcome of the Second Tokyo International Conference on African Development (TICAD II) held in October 1998;

(e) Requested the Director General:

(i) To continue and deepen the collective dialogue initiated between Member States and the Secretariat on UNIDO service modules;

(ii) To enhance the dialogue with the donor community to provide UNIDO with sufficient financial and technical resources to enable it to deliver its services particularly in Africa, especially in least developed countries;

(iii) To report on that matter to the Board at its twenty-first session.

*4th plenary meeting
20 November 1998*

IDB.20/Dec.11 Provisional agenda and date of the twenty-first session

The Industrial Development Board:

(a) Recalled its decision IDB.18/Dec.17;

(b) Took note of the information contained in document IDB.20/CRP.1;

(c) Decided to adopt the following provisional agenda for its twenty-first session:

1. Election of officers.
2. Adoption of the agenda.
3. Annual report of the Director-General for 1998 on the activities of the Organization.
4. Report of the Programme and Budget Committee. [sub-items as required]
5. Programmatic review, including system-wide issues.

6. Performance indicators and evaluation.
7. Administrative matters.
8. Matters related to intergovernmental, non-governmental, governmental and other organizations.
9. Preparations for the eighth session of the General Conference.
10. Provisional agenda and date of the twenty-second session.
11. Adoption of the report;
 - (d) Decided to hold its twenty-first session during the week of 21 to 25 June 1999.

*4th plenary meeting
20 November 1998*

Annex II

DOCUMENTS SUBMITTED TO THE BOARD AT ITS TWENTIETH SESSION

<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
IDB.20/1	2	Provisional agenda
IDB.20/1/Add.1	2	Annotated provisional agenda
IDB.20/2	3	Report of the Programme and Budget Committee. Report of the Programme and Budget Committee on the work of its fourteenth session
IDB.20/3- PBC.14/3	3(a)	Report of the External Auditor, financial performance report and programme performance report for the biennium 1996-1997. 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 1996-1997 ended 31 December 1997
IDB.20/4- PBC.14/2	3(f)	Industrial Development Fund and other voluntary contributions. Report by the Director-General
IDB.20/5- PBC.14/4	3(a)	Report of the External Auditor, financial performance report and programme performance report for the biennium 1996-1997. Financial performance report for the biennium 1996-1997. Submitted by the Director-General
IDB.20/6- PBC.14/5	3(a)	Report of the External Auditor, financial performance report and programme performance report for the biennium 1996-1997. Note on audit-related matters. Submitted by the Secretariat
IDB.20/6- PBC.14/5, chapters I and IV	3(d)	Financial regulations. Annex to the financial regulations
IDB.20/7- PBC.14/6	3(c)	Programme and budgets, 1998-1999. Proposed adjustments to the programme and budgets. Submitted by the Director-General
IDB.20/8- PBC.14/7	3(b)	Financial situation of UNIDO. Report by the Director-General
IDB.20/9- PBC.14/8	3(e)	Medium-term programme framework, 2000-2003. Preview of the medium-term programme framework, 2000-2003, and preliminary indicative general ceiling for the programme and budgets, 2000-2001. Proposals of the Director-General
IDB.20/10- PBC.14/9	3(a)	Report of the External Auditor, financial performance report and programme performance report for the biennium 1996-1997. Comments of the Director-General on the Report of the External Auditor
IDB.20/11- PBC.14/11	3(b)	Financial situation of UNIDO. 1992-1993 unutilized balances. Report by the Director-General
IDB.20/12	4	Programmatic review, including system-wide issues. Second Industrial Development Decade for Africa. Report by the Director-General
IDB.20/13	4	Programmatic review, including system-wide issues. Contribution of UNIDO to the System-Wide Action Plan on Drug Abuse Control. Report by the Director-General

<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
IDB.20/14	4	Programmatic review, including system-wide issues. UNIDO activities in Asia and the Pacific. Report by the Director-General
IDB.20/15	4	Programmatic review, including system-wide issues. Activities of the Joint Inspection Unit. Report by the Director-General
IDB.20/16	5	Field representation. Progress report by the Director-General
IDB.20/17	6	Performance indicators. Report by the Director-General
IDB.20/18	3(c)	Programme and budgets, 1998-1999. The future of Buildings Management Section. Report by the Director-General
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IDB.20/CRP.1	7	Provisional agenda and date of the twenty-first session. Note by the Director-General
IDB.10/CRP.2	4	Programmatic review, including system-wide issues. Resolutions and decisions of relevance to UNIDO
IDB.20/CRP.3	3(b)	Financial situation of UNIDO. Note by the Secretariat
IDB.20/CRP.4	5	Field representation. Note by the Secretariat
IDB.20/CRP.5	6	Performance indicators. Note by the Secretariat
IDB.20/CRP.6	2	List of documents
IDB.20/CRP.7	-	List of participants