REPORT OF THE INDUSTRIAL DEVELOPMENT BOARD
ON THE WORK OF ITS TWENTY-FIFTH SESSION
(15-16 May 2002)

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For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.
Introduction

1. The report of the Industrial Development Board on the work of its twenty-fifth session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. The summary records of the Board (IDB.25/SR.1-4), where the details of the proceedings are contained, form an integral part of the present report.

2. The following decision of the Board, reproduced in annex I, is related to the work of the General Conference at its tenth session:

   IDB.25/Dec.7 Investment and Technology Promotion Offices

I. ORGANIZATIONAL AND PROCEDURAL MATTERS

3. The twenty-fifth session of the Board was held at UNIDO Headquarters, Vienna International Centre, from 15 to 16 May 2002 (4 plenary meetings—see IDB.25/SR.1-4).

Participation

4. All 53 members of the Board were represented at the session: Algeria, Austria, Belarus, Belgium, Bolivia, Bulgaria, Burkina Faso, Chile, China, Colombia, Côte d’Ivoire, Croatia, Cuba, Denmark, Ecuador, Egypt, Ethiopia, France, Germany, Ghana, Greece, Guatemala, Hungary, India, Indonesia, Iran (Islamic Republic of), Ireland, Italy, Japan, Jordan, Kenya, Lesotho, Libyan Arab Jamahiriya, Luxembourg, Morocco, Nigeria, Pakistan, Peru, Philippines, Republic of Korea, Russian Federation, Saudi Arabia, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Thailand, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland, Uruguay, Venezuela.

5. The following 37 Member States of UNIDO also participated in the session: Angola, Argentina, Armenia, Azerbaijan, Bosnia and Herzegovina, Brazil, Cape Verde, Czech Republic, Democratic People’s Republic of Korea, Finland, Georgia, Iraq, Kuwait, Lebanon, Lithuania, Malaysia, Malta, Mexico, Namibia, Netherlands, Oman, Panama, Poland, Portugal, Portugal, Romania, Senegal, Sierra Leone, Slovakia, South Africa, The former Yugoslav Republic of Macedonia, Ukraine, United Arab Emirates, United Republic of Tanzania, Viet Nam, Yemen, Yugoslavia, Zimbabwe.

6. The Holy See participated as observer.

7. The permanent observer of Palestine also participated.

8. The following United Nations bodies were represented: United Nations—Joint Inspection Unit, United Nations Development Programme, United Nations Office at Vienna.

9. The following United Nations specialized agency was represented: International Atomic Energy Agency.

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.


Opening of the session

12. The twenty-fifth session of the Board was declared open by the President of the twenty-fourth session, Mr. P. Hosseini (Islamic Republic of Iran).

Officers of the session

13. In accordance with rule 23 of its rules of procedure, the Board elected by acclamation Mr. I. Horváth (Hungary) as President; Mr. R. González Aninat (Chile), Mr. S. Shoukry (Egypt), Mr. Y. Takasu (Japan) as Vice-Presidents; and Mr. M. Hamedani (Islamic Republic of Iran) as Rapporteur.

Agenda for the session

14. With an amendment, the Board adopted the following agenda:

   1. Election of officers.
   2. Adoption of the agenda.
   4. Financial situation of UNIDO.
   5. Investment and Technology Promotion Offices.
   6. UNIDO involvement in major international conferences.
7. Joint Inspection Unit activities relevant to UNIDO.
8. Matters related to intergovernmental, non-governmental, governmental and other organizations.
9. Provisional agenda and date of the twenty-sixth session.
10. Adoption of the report.

15. The Board adopted a proposal by the President to ensure the maximum utilization of available conference-serving resources (see annex I, decision IDB.25/Dec.1, IDB.25/SR.1, paras. 50 to 51).

16. The Board decided to set up informal, in-session consultations with the aim of facilitating the drafting of decisions and entrusted Vice-President Mr. Y. Takasu (Japan) to chair those consultations (see IDB.25/SR.2, paras. 34 to 35).

II. ANNUAL REPORT OF THE DIRECTOR-GENERAL ON THE ACTIVITIES OF THE ORGANIZATION IN 2001

17. The Board had before it the Annual Report of the Director-General on the activities of the Organization in 2001 (IDB.25/2), an addendum thereto containing the programme performance report (IDB.25/2/Add.1) and two conference room papers: a note by the Secretariat on the status of integrated programmes (IDB.25/CRP.7) and a proposal of Japan for a UNIDO strategy paper (IDB.25/CRP.8). The debate on item 3 is reflected in summary records IDB.25/SR.1, paragraphs 52 to 77, IDB.25/SR.2, paragraphs 36 to 120 and IDB.25/SR.3, paragraphs 1 to 78. The Board considered two draft decisions submitted by the President (IDB.25/L.8 and IDB.25/L.7) and adopted decisions IDB.25/Dec.2 and IDB.25/Dec.3 (see annex I).

III. FINANCIAL SITUATION OF UNIDO

18. The Board had before it a report by the Director-General on the financial situation of UNIDO (IDB.25/6) and a note by the Secretariat on a proposed payment plan for Azerbaijan (IDB.25/8). In addition, the Board had before it three conference room papers containing notes by the Secretariat on: transition to a single currency system (IDB.25/CRP.3), Financial Regulations of UNIDO (IDB.25/CRP.4) and an update on the financial situation (IDB.25/CRP.6). The debate on item 4 is reflected in summary records IDB.25/SR.1, paragraphs 79 to 93 and IDB.25/SR.4, paragraphs 1 to 2. The Board considered three draft decisions submitted by the President (IDB.25/L.4, IDB.25/L.10 and IDB.25/L.11) and adopted decisions IDB.25/Dec.4, IDB.25/Dec.5 and IDB.25/Dec.6 (see annex I).

IV. INVESTMENT AND TECHNOLOGY PROMOTION OFFICES

19. The Board had before it a report by the Director-General on Investment and Technology Promotion Offices (IDB.25/4) and a conference room paper containing a note by the Secretariat on the same subject (IDB.25/CRP.5). The debate on item 5 is reflected in summary record IDB.25/SR.4, paragraphs 3 to 14. The Board considered a draft decision submitted by the President (IDB.25/L.5) and adopted decision IDB.25/Dec.7 (see annex I).

V. UNIDO INVOLVEMENT IN MAJOR INTERNATIONAL CONFERENCES

20. The Board had before it a report by the Director-General on UNIDO involvement in major international conferences (IDB.25/3). The debate on item 6 is reflected in summary record IDB.25/SR.4, paragraphs 15 to 31. The Board considered a draft decision submitted by the President (IDB.25/L.6) and adopted decision IDB.25/Dec.8 (see annex I).

VI. JOINT INSPECTION UNIT ACTIVITIES RELEVANT TO UNIDO

21. The Board had before it a report by the Director-General on Joint Inspection Unit activities relevant to UNIDO (IDB.25/5). The debate on item 7 is reflected in summary record IDB.25/SR.4, paragraphs 32 to 42. The Board considered a draft decision submitted by the President (IDB.25/L.9) and adopted decision IDB.25/Dec.9 (see annex I).

VII. MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL GOVERNMENTAL AND OTHER ORGANIZATIONS

22. The Board had before it a note by the Director-General containing an application from a non-governmental organization for consultative status (IDB.25/7). The debate on item 8 is reflected in summary record IDB.25/SR.4, paragraphs 43 and 70 to 71. The Board considered a draft decision submitted by the President (IDB.25/L.2) and adopted decision IDB.25/Dec.10 (see annex I).

VIII. PROVISIONAL AGENDA AND DATE OF THE TWENTY-SIXTH SESSION

23. The Board had before it a conference room paper containing a note by the Director-General on the provisional agenda and date of the twenty-sixth session (IDB.25/CRP.2). The debate on item 9 is reflected in summary record IDB.25/SR.4, paragraphs 72 to 78. The Board considered a draft decision submitted by the
President (IDB.25/L.3/Rev.1) and adopted decision IDB.25/Dec.11 (see annex I).

IX. ADOPTION OF THE REPORT

24. The Board considered the draft report (IDB.25/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.25/SR.4, paras. 79 to 81).

X. CLOSURE OF THE SESSION

25. On 16 May 2002, at 6.20 p.m., the Board closed its twenty-fifth session (see IDB.25/SR.4, paras. 83 to 84).
## Annex I

### DECISIONS ADOPTED BY THE BOARD AT ITS TWENTY-FIFTH SESSION

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IDB.25/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 twenty-fifth session only and provided no substantive decisions were taken at those meetings.

1st plenary meeting 15 May 2002


The Industrial Development Board:

(a) Took note of the Annual Report of the Director-General on the activities of UNIDO in 2001, and in particular on the regional dimension;

(b) Recognized the cost efficiency and the participatory nature of the regional programmes of UNIDO;

(c) Encouraged the Director-General to study wherever appropriate the feasibility of regional programmes in those fields where UNIDO had proven comparative advantages, inter alia, in technology foresight, environment management, agro-industry and trade facilitation;

(d) Encouraged Member States to join UNIDO’s regional programmes and initiatives and to support them;

(e) Requested the Director-General to keep the Board informed on the progress achieved in the regional programmes.

4th plenary meeting 16 May 2002

IDB.25/Dec.3 STRENGTHENING THE REGIONAL DIMENSION IN THE ACTIVITIES OF UNIDO

The Industrial Development Board:

(a) Took note of the Annual Report of the Director-General on the activities of UNIDO in 2001, and in particular on the regional dimension;

(b) Recognized the cost efficiency and the participatory nature of the regional programmes of UNIDO;

(c) Encouraged the Director-General to study wherever appropriate the feasibility of regional programmes in those fields where UNIDO had proven comparative advantages, inter alia, in technology foresight, environment management, agro-industry and trade facilitation;

(d) Requested the Director-General, in a coordinated effort with Member States, to begin consultations with non-Member States with a view to encouraging them to join/rejoin the Organization;

(e) Requested the Director-General to keep Member States regularly informed and to report to the Board at its twenty-sixth session.

4th plenary meeting 16 May 2002

IDB.25/Dec.4 FINANCIAL SITUATION OF UNIDO

The Industrial Development Board:

(a) Took note of the information provided in document IDB.25/6;

(b) Also took note of the information on the implementation of General Conference decision GC.9/Dec.10 (IDB.25/6, chap. VI);

(c) Urged those Member States and former Member States that had not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years’ arrears, to do so without delay;

(d) Requested the Director-General to pursue his efforts and contacts with Member States to effect the collection of arrears.

4th plenary meeting 16 May 2002

IDB.25/Dec.5 FUNDS MOBILIZATION FOR INTEGRATED PROGRAMMES

The Industrial Development Board:

(a) Recalled its decision IDB.17/Dec.2 concerning the Business Plan on the Future Role and Functions of UNIDO;
(b) Took note of the important role of integrated programmes in the industrial development of the developing countries and countries with economies in transition and the need to support the funds mobilization efforts for their implementation;

(c) Was concerned with the present shortage of funds for the implementation of the integrated programmes;

(d) Aware that the integrated programmes were not static, considered that any adjustment should be made only after mutual consultations between the Secretariat and the respective recipient country, in order to ensure an optimal and efficient utilization of resources available to the Organization;

(e) Welcomed the contribution made by the Member States, donors and recipient countries towards the funding of the integrated programmes;

(f) Called upon Member States to continue to support funds mobilization for the implementation of integrated programmes;

(g) Requested recipient countries to share with UNIDO the funds mobilization efforts and specifically to assist in identifying and accessing funds available at the country level, both domestic resources, including cost-sharing arrangements, and funds from bilateral donors, UNDP, the World Bank and other development finance institutions;

(h) Requested the Director-General to continue and strengthen the efforts to mobilize resources from existing donors and through new and innovative sources of funds;

(i) Requested the Director-General to maintain a continuous dialogue with Member States in order to actively sustain the common resource mobilization efforts and to report on progress made to the Board at its twenty-sixth session.

4th plenary meeting 16 May 2002

IDB.25/Dec.6 PROPOSED PAYMENT PLAN FOR AZERBAIJAN

The Industrial Development Board:

(a) Recalled Article 15 of the UNIDO Constitution and Article 5.5 (b) of the Financial Regulations of UNIDO;

(b) Recalled its decision IDB.19/Dec.5;

(c) Also recalled the report of the open-ended discussion group on timely payment of assessed contributions (IDB.19/12 and Corr.1), in particular paragraphs 13 and 14;

(d) Further recalled General Conference decision GC.9/Dec.12;

(e) Welcomed the intention of Azerbaijan to settle its arrears, and took note of document IDB.25/8;

(f) Noted the special circumstances faced by Azerbaijan and the amount owed for the period 1993 to 2001;

(g) Authorized the Director-General to negotiate a payment plan with Azerbaijan and requested him to report thereon to the Board at its twenty-sixth session.

4th plenary meeting 16 May 2002

IDB.25/Dec.7 INVESTMENT AND TECHNOLOGY PROMOTION OFFICES

The Industrial Development Board:


(b) Took note of the report by the Director-General on Investment and Technology Promotion Offices (IDB.25/4);

(c) Recognized the necessity to update the Guidelines for the Functioning of the Investment and Technology Promotion Offices in view of significant programmatic and administrative changes in UNIDO since 1995, in particular those related to the transfer of industrial technologies as one of the most important components of industrial growth of developing countries and countries with economies in transition;

(d) Took note of the change of the name from Investment Promotion Services to Investment and Technology Promotion Offices (ITPOs);

(e) Encouraged the Director-General, in close collaboration with other relevant multilateral organizations, to continue to increase the number of Investment and Technology Promotion Offices where appropriate, to strengthen the networking capacities between those Offices and to report regularly on the work performed and the results achieved by them;
(f) Affirmed that financing Investment and Technology Promotion Offices, which should be borne by the host countries, should not be carried out to the detriment of the integrated programmes;

(g) Recommended to the General Conference the adoption of the following draft decision:

“\[\text{The General Conference:}\]

“(i) Recalls its resolution GC.3/Res.19 and decision GC.6/Dec.12;

“(ii) Takes note of the report by the Director-General on Investment and Technology Promotion Offices (IDB.25/4);

“(iii) Also takes note of Board decision IDB.25/Dec.7;

“(iv) Decides to amend the Guidelines for the Functioning of the Investment and Technology Promotion Offices in accordance with the annex to the present decision.”

4th plenary meeting 16 May 2002

Annex

Guidelines for the Functioning of the Investment and Technology Promotion Offices

Objective

The objective of the UNIDO Investment and Technology Promotion Offices (ITPOs) is to contribute to the industrial development and economic growth of developing countries and countries with economies in transition by identifying and mobilizing the technical, financial, managerial and other resources required for the implementation of specific industrial investment and technology projects in these countries with local partners of such projects.

Mandate

(a) In industrialized countries: These offices shall devote themselves exclusively to promoting industrial investment and technology from their host countries to developing countries and countries with economies in transition;

(b) In developing countries and countries with economies in transition: While having as their main objective the promotion of industrial investment and technology from their host countries to other developing countries and countries with economies in transition, these offices may also promote industrial investment and technology from abroad to their host countries.

Activities

(a) To build contacts with enterprises in the host countries willing to consider a business venture with a partner in a developing country or country with economy in transition or to provide inputs for such a venture;

(b) To assess investment and technology projects, the details of which have been supplied by UNIDO Headquarters or other sources, with a view to determining whether an enterprise can be found in the host countries that will be able and willing to supply the foreign resources sought for such projects;

(c) To utilize their contacts with host country enterprises for the promotion of the foreign resources sought by local partners; to provide information on individual local partners and on the climate for investment and technology transfer in the developing countries or countries with economies in transition concerned;

(d) To bring the local partner and the prospective foreign partner into direct contact through UNIDO investment and technology project promotion programmes, meetings, forums and through any other appropriate means with a view to their commencing negotiations on cooperating in the implementation of the project;

(e) To support and assist both parties in their negotiations and in completing the pre-investment activities, up to the stage at which the parties can conclude a written agreement to implement the project;

(f) To assist developing countries and countries with economies in transition in arousing the interest of potential foreign partners in industrial business opportunities and in the incentives offered by those countries, by receiving delegations representing both the public and private sector and arranging direct contacts between the members of those delegations and the industrial and financial communities of the host countries;

(g) To assist the developing countries and countries with economies in transition in building and strengthening national capabilities for attracting foreign investment and technology by hosting delegations from developing countries and countries with economies in transition and providing them with on-the-job orientation through the promotion vis-à-vis potential foreign partners of specific business opportunities in their home countries;
(h) To gather, present and disseminate information on specific manufacturing facilities that enterprises in their host countries seek to establish in developing countries and in countries with economies in transition through a business partnership with a local entrepreneur; to assist in identifying local partners and help both parties to conclude an agreement;

(i) To undertake such other activities as are conducive to the achievement of the objectives of ITPOs.

Funding arrangements

ITPOs shall be financed by their host countries, which shall make voluntary contributions to UNIDO adequate to meet the costs to the Organization. The funding for all expenditures, including the charge for programme support services (overhead charge), shall be provided in convertible currencies, except that in countries with non-convertible currencies, funding for expenditures of ITPOs in local currency may be provided in such local currency, while the funding for all other expenditures, including the charge for programme support services (overhead charge), shall be provided in convertible currency.

When requested by an interested country, UNIDO shall endeavour to arrange extrabudgetary financing for the installation and operating expenses of ITPOs established in developing countries or countries with economies in transition.

ITPOs may also raise additional resources by charging fees for services rendered on a cost-reimbursement basis.

Personnel arrangements

The Heads of the ITPOs will be appointed by the Director-General of UNIDO in accordance with the regulations, rules and procedures of UNIDO and after consultation with the host Governments. UNIDO will operate and supervise the ITPOs. The Heads will either be appointed under the 200 series of the UNIDO staff rules and have the status of international project personnel or will be appointed as a locally-recruited National Professional Officer, to whom the local salary scales apply as established for each duty station by the International Civil Service Commission (ICSC) for this particular category of Professional staff. For other staff, salaries will be determined on the basis of discussions between the host countries and the UNIDO Secretariat.

Legal arrangements

ITPOs shall be established and maintained pursuant to agreements concluded between each host Government and the Director-General of UNIDO.

IDB.25/Dec.8 UNIDO INVOLVEMENT IN MAJOR INTERNATIONAL CONFERENCES

The Industrial Development Board:

(a) Recalled resolution GC.9/Res.3 concerning the International Conference on Financing for Development and the World Summit on Sustainable Development;

(b) Noted the report by the Director-General on UNIDO involvement in major international conferences (IDB.25/3);

(c) Welcomed UNIDO’s active participation in the Conference at Monterrey, Mexico, in particular its initiative on “Enabling developing countries to participate in international trade—Strengthening the supply capacity”;

(d) Noted with appreciation the substantive results achieved at that Conference as embodied in the Monterrey Consensus, especially its provisions concerning increased activities in capacity-building;

(e) Urged the Director-General to continue his efforts to enhance UNIDO’s profile and to ensure UNIDO was recognized by the international development community as having a role to play in helping developing countries, particularly least developed countries in Africa, as well as countries with economies in transition, to overcome supply-side constraints and take advantage of improved market access for their products;

(f) Encouraged the Director-General to continue his efforts to enhance cooperation with all relevant stakeholders, particularly the World Trade Organization, United Nations Conference on Trade and Development and International Trade Centre UNCTAD/WTO, to deliver technical assistance to developing countries and countries with economies in transition in order to overcome technical barriers to trade, while avoiding duplication and overlap;
(g) Welcomed the active participation of UNIDO in the process of preparations for the World Summit on Sustainable Development at Johannesburg, South Africa, and reaffirmed the importance of UNIDO’s continued involvement, in order to achieve the targets of sustainable development;

(h) Requested the Director-General to continue to work closely with Member States and in partnership with all other relevant stakeholders in an effort to ensure that the outcomes of the World Summit on Sustainable Development include activities and goals that were relevant to UNIDO’s comparative advantages and to which it could contribute;

(i) Requested the Director-General to keep Member States regularly informed and to report to the Board at its twenty-sixth session.

4th plenary meeting
16 May 2002

IDB.25/Dec.9 JOINT INSPECTION UNIT ACTIVITIES RELEVANT TO UNIDO

The Industrial Development Board:

(a) Recalled its decision IDB.24/Dec.11;

(b) Took note of the report on activities of the Joint Inspection Unit (JIU) (IDB.25/5), and of the recommendations of the Unit contained therein from three reports, as well as the views of UNIDO thereon;

(c) Noted in particular recommendations 1 to 3 of the Unit in its report entitled “Enhancing governance oversight role: Structure, working methods and practices on handling oversight reports” (JIU/REP/2001/4), directed to legislative organs, as well as the views of UNIDO thereon, and in that respect:

(i) Considered that the governance structures, terms of reference, modus operandi, composition and efficiency/effectiveness of the Industrial Development Board needed to be reviewed regularly against the thrust of the recommendations mentioned above;

(ii) Requested the Director-General to include, in future reports on JIU activities of relevance to UNIDO, information on compliance with JIU recommendations with regard to substantive and thematic issues and follow-up thereon, in accordance with the system of follow-up to JIU recommendations (IDB.24/18, paras. 12 and 13).

4th plenary meeting
16 May 2002

IDB.25/Dec.10 APPLICATION FROM A NON-GOVERNMENTAL ORGANIZATION FOR CONSULTATIVE STATUS

The Industrial Development Board:

(a) Took note of the information provided in document IDB.25/7;

(b) Decided, in accordance with Article 19.1 (b) of the Constitution and the guidelines for the relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (General Conference decision GC.1/Dec.41, annex, para. 17) to grant consultative status with UNIDO to the non-governmental organization World Vision International (WVI).

4th plenary meeting
16 May 2002

IDB.25/Dec.11 PROVISIONAL AGENDA AND DATE OF THE TWENTY-SIXTH SESSION

The Industrial Development Board:

(a) Took note of the information contained in document IDB.25/CRP.2;

(b) Decided to adopt the following provisional agenda for its twenty-sixth session:

1. Adoption of the agenda

2. Report of the Programme and Budget Committee


(b) Financial situation of UNIDO

(c) Financial regulations

(d) Mobilization of financial resources

(e) Transition to a single currency system
3. Programmatic review, including system-wide issues

(a) UNIDO participation in major international events

(b) Implementation of medium-term programme framework, 2002-2005, including field representation and technology foresight*

(c) Biotechnology global forum


5. Personnel matters

6. Provisional agenda and date of the twenty-seventh session

7. Adoption of the report

(c) Decided to hold its twenty-sixth session from 19 to 21 November 2002.

4th plenary meeting
16 May 2002

* To be considered also by the Programme and Budget Committee at its eighteenth session.
Annex II

DOCUMENTS SUBMITTED TO THE BOARD AT ITS TWENTY-FIFTH SESSION

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