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

5-9 November 1990

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Introduction

1. The report of the Industrial Development Board on the work of its seventh session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. The summary records of the Board (IDB.7/SR.1-10 and Corr.1), where details of the proceedings are contained, form an integral part of the present report.

2. The decisions of the Board are reproduced in annex I. The following decisions are of relevance to the provisional agenda and background information for the fourth session of the Conference:

- IDB.7/Dec.2 Special Programme for Industrial Development in the Arab Countries
- IDB.7/Dec.3 Special Programme for the Industrial Development of Asia and the Pacific
- IDB.7/Dec.5 Financial performance report and programme performance report, including the report of the External Auditor
- IDB.7/Dec.13 Financial regulations
- IDB.7/Dec.17 Technical assistance to the Palestinian people
- IDB.7/Dec.18 Mobilization of financial resources for industrial development
- IDB.7/Dec.20 External debt and industrial development
- IDB.7/Dec.22 Women in the Secretariat
- IDB.7/Dec.23 Organizational and staff structure
- IDB.7/Dec.25 Provisional agenda of the fourth session of the General Conference

3. The seventh session of the Board was held at UNIDO Headquarters, Vienna International Centre, from 5 to 9 November 1990 (10 plenary meetings - see IDB.7/SR.1-10 and Corr.1).

I. ORGANIZATIONAL AND PROCEDURAL MATTERS

Participation

4. The following 51 of the 52 members of the Board were represented at the session: Algeria, Argentina, Austria, Belgium, Brazil, Bulgaria, Cameroon, Chile, China, Costa Rica, Cuba, Denmark, Egypt, Finland, France, Germany, Ghana, Greece, Guinea, Hungary, India, Indonesia, Iran (Islamic Republic of), Iraq, Italy, Japan, Malaysia, Mexico, Morocco, Netherlands, Nigeria, Panama, Peru, Philippines, Republic of Korea, Saudi Arabia, Senegal, Spain, Sudan, Switzerland, Syrian Arab Republic, Trinidad and Tobago, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Yugoslavia, Zaire.

5. The following 35 Member States of UNIDO also participated in the session: Bahrain, Bangladesh, Bolivia, Burkina Faso, Byelorussian Soviet Socialist Republic, Canada, Cape Verde, Colombia, Czechoslovakia, Ecuador, Gabon, Ireland, Kenya, Kuwait, Lebanon, Libyan Arab Jamahiriya, Luxembourg, Malta, Myanmar, Norway, Oman, Pakistan, Poland, Portugal, Qatar, Romania, Sweden, Thailand, Tunisia, United Arab Emirates, Uruguay, Venezuela, Viet Nam, Zambia, Zimbabwe.

6. The Holy See participated as observer.

7. The permanent observer of Palestine also participated.

8. The following United Nations bodies were represented: Economic Commission for Africa, United Nations Development Programme, United Nations Office at Vienna.

9. The following specialized agencies were represented: International Atomic Energy Agency, International Labour Organisation.

10. The following other intergovernmental organizations were represented: African Development Bank, Commission of the European Communities, Commonwealth Secretariat, International Centre for Public Enterprises in Developing Countries, International Organization for Migration, Islamic Development Bank, Latin American Economic System, League of Arab States, Organization of African Unity, Organization of Petroleum-Exporting Countries.

11. The following non-governmental organizations were represented: African Technical Association, International Confederation of Free Trade Unions, International Council of Women, International Federation of Automatic Control, International Organization of Employers, International Organization of Experts, Society of Chemical Industry, Transfrigoroute International, Union of International Technical Associations, World Assembly of Small and Medium Enterprises.

Opening of the session

12. The seventh session of the Board was declared open by its President, O. LØNSMANN POULSEN (Denmark).

Officers of the seventh session

13. In accordance with rule 23 of its rules of procedure, the officers of the Board were those elected at the commencement of the first regular session in 1990: O. LØNSMANN POULSEN (Denmark), President; V. CSERVENY (Hungary), A. TOFIGH (Islamic Republic of Iran), Vice-Presidents; and N. AYADI (Algeria), Rapporteur. Vice-President C. VALDIVIA SESMA (Cuba), who had left Vienna, was succeeded in that function by N. RODRIGUEZ (Cuba).

Agenda for the seventh session

14. The Board adopted the following agenda:

1. Opening of the seventh session.
2. Adoption of the agenda for the seventh session.
3. Progress report for 1990 on specific UNIDO activities and follow-up to the fifth and sixth sessions of the Board and the third session of the General Conference.
4. Report of the Programme and Budget Committee:
 - (a) Report on balances of appropriations for the biennium 1986-1987 resulting from the suspension of financial regulations 4.2(b) and 4.2(c);
 - (b) Financial performance report and programme performance report, including report of the External Auditor;
 - (c) Financial situation of UNIDO (including application of split-currency system and the rationalized structure of UNIDO);

- (d) Application of Annex II, paragraph B of the Constitution;
 - (e) Industrial Development Fund and other voluntary contributions;
 - (f) Review of the format of the programme and budgets, annual report and financial statements;
 - (g) Operational budget, including support costs;
 - (h) Financial regulations.
5. Medium-term plan, 1992-1997 (including general ceiling for the biennium 1992-1993) and implementation of Article 2 (c) of the Constitution.
 6. Second Industrial Development Decade for Africa.
 7. Technical assistance to the Palestinian people.
 8. Mobilization of financial resources for industrial development.
 9. Long-term financing of the Senior Industrial Development Field Adviser* programme.
 10. The external debt and industrial development.
 11. Development and transfer of technology and development of human resources.
 12. Restructuring of world industrial production and redeployment.
 13. Administrative matters: Joint Inspection Unit.
 14. Personnel matters (including women in the Secretariat).
 15. Organizational and staff structure of UNIDO.
 16. Appointment of Deputy Director-General.
 17. Provisional agenda for the fourth session of the General Conference.
 18. Computerization programme of UNIDO.
 19. Provisional agenda for the eighth session.
 20. Adoption of the report of the seventh session.
 21. Closure of the seventh session.

Organization of work

15. The Board adopted a proposal by the President to improve the utilization of available conference-servicing resources (see annex I, decision IDB.7/Dec.1).

* Renamed in early 1990 to UNIDO Country Directors (UCDs).

16. The Board decided to set up informal in-session consultations with the aim of facilitating the drafting of decisions, and entrusted Vice-President A. Tofigh (Islamic Republic of Iran) to chair those consultations (IDB.7/SR.2, paras. 1-5).

II. PROGRESS REPORT FOR 1990 ON SPECIFIC UNIDO ACTIVITIES AND FOLLOW-UP TO THE FIFTH AND SIXTH SESSIONS OF THE BOARD AND THE THIRD SESSION OF THE GENERAL CONFERENCE

17. The Board had before it a progress report on specific UNIDO activities in the form of two updates to the Annual Report of UNIDO, 1989, one for the period January to March 1990 (IDB.6/10/Add.1) and the second as of 15 August 1990 (IDB.7/26). The Board considered two draft decisions submitted by the President (IDB.7/L.1 and L.2) and adopted decisions IDB.7/Dec.2 and IDB.7/Dec.3 (see annex I).

III. REPORT OF THE PROGRAMME AND BUDGET COMMITTEE

18. The Board had before it the report of the Programme and Budget Committee (PBC) on the work of its sixth session (IDB.7/14 and Corr.1). The Board decided to discuss simultaneously the report of the Committee and its sub-items (see sections A-H below). The debate on the subject as a whole is reflected in summary records IDB.7/SR.2 to IDB.7/SR.3.

A. Report on balances of appropriations for the biennium 1986-1987 resulting from the suspension of financial regulations 4.2(b) and 4.2(c)

19. The Board had before it: PBC conclusion 1990/3 (f); a report on the balances of appropriations for the biennium 1986-1987 contained in the financial performance report submitted by the Director-General for the biennium 1988-1989 (IDB.7/10, chap. IV); and a report by the Chairman of the PBC on the informal consultations on the suspension of financial regulations 4.2(b) and 4.2(c) (IDB.7/37). The Board considered a draft decision submitted by the President (IDB.7/L.23) and adopted decision IDB.7/Dec.4 (see annex I).

B. Financial performance report and programme performance report, including report of the External Auditor

20. The Board had before it: PBC conclusion 1990/3; the programme performance report and the financial performance report for the biennium 1988-1989 submitted by the Director-General (IDB.7/6 and IDB.7/10); the report of the External Auditor on the accounts of UNIDO and of the Industrial Development Fund for the financial period 1988-1989 (IDB.7/11 and Corr.1) and the comments by the Director-General thereon (IDB.7/11/Add.1); a note by the Director-General in response to PBC conclusion 1990/3 (d) (IDB.7/11/Add.2); and a note by the Secretariat on the treatment of outstanding assessed contributions to the regular budget (IDB.7/13). The Board considered a draft decision submitted by the President (IDB.7/L.3) and adopted decision IDB.7/Dec.5 (see annex I).

C. Financial situation of UNIDO (including application of split-currency system and the rationalized structure of UNIDO)

21. The Board had before it: PBC conclusions 1990/3 (e) (i), 1990/4 and 1990/5; a report by the

Director-General on the financial situation of UNIDO, as of 30 September 1990 (IDB.7/32) and its update as of 30 October 1990 (IDB.7/CRP.3); a progress report by the Director-General on repayment of the United Nations loan (IDB.7/8/Rev.1); the report of the External Auditor on the accounts of UNIDO and of the Industrial Development Fund for the financial period 1988-1989 as it concerned the administration of the split-currency system of assessment (IDB.7/11 and Corr.1, paras. 35-50); a report by the Director-General on the implications of the split-currency system of assessments (IDB.7/30); and a progress report by the Director-General on the organizational and staff structure (IDB.7/5). The Board considered three draft decisions submitted by the President (IDB.7/L.4, L.9 and L.21) and adopted decisions IDB.7/Dec.6, IDB.7/Dec.7 and IDB.7/Dec.8 (see annex I).

D. Application of Annex II, paragraph B of the Constitution

22. The Board had before it PBC conclusion 1990/9 and a note by the Director-General on the application of Annex II, paragraph B, of the Constitution (IDB.7/9 and Add.1). The Board considered a draft decision submitted by the President (IDB.7/L.11) and adopted decision IDB.7/Dec.9 (see annex I).

E. Industrial Development Fund and other voluntary contributions

23. The Board had before it: PBC conclusion 1990/11; a report by the Director-General on the Industrial Development Fund containing the estimated resource level and programming for 1991 and 1992 (IDB.7/2); and 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). The Board considered a draft decision submitted by the President (IDB.7/L.6) and adopted decision IDB.7/Dec.10 (see annex I).

F. Review of the format of the programme and budgets, annual report and financial statements

24. The Board had before it: PBC conclusions 1990/3 (e)(ii) and 1990/8; a proposal by the Director-General for the format of future programme and budgets and the incorporation of the performance report in the annual report (IDB.7/3 and Add.1); and a note by the Secretariat on the format of future programme and budget proposals, annual reports and financial statements (IDB.7/27). The Board considered a draft decision submitted by the President (IDB.7/L.5) and adopted decision IDB.7/Dec.11 (see annex I).

G. Operational budget, including support costs

25. The Board had before it PBC conclusion 1990/6 and a report submitted by the Director-General to the PBC on 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). The Board considered a draft decision submitted by the President (IDB.7/L.8) and adopted decision IDB.7/Dec.12 (see annex I). For statements made in connection with the adoption of the decision, see summary record IDB.7/SR.10, paragraphs 28 to 30.

H. Financial regulations

26. The Board had before it PBC conclusion 1990/12. The Board considered a draft decision submitted by the President (IDB.7/L.7) and adopted decision IDB.7/Dec.13 (see annex I).

IV. MEDIUM-TERM PLAN, 1992-1997 (INCLUDING GENERAL CEILING FOR THE BIENNIUM 1992-1993) AND IMPLEMENTATION OF ARTICLE 2 (C) OF THE CONSTITUTION

27. The Board had before it: PBC conclusion 1990/10; a draft medium-term plan, 1992-1997, submitted by the Director-General (IDB.7/7 and Corr.1) together with a preview and preliminary indicative general ceiling of the first biennium 1992-1993 (IDB.7/7/Add.1 and Corr.1); and reports by the Director-General on programming of measures established in the medium-term plan, 1990-1995 (IDB.7/4), on new concepts and approaches for co-operation in industrial development in conformity with Article 2 (c) of the Constitution (IDB.7/15), and on the practice of zero real growth budgets (IDB.7/28). The Board considered two draft decisions submitted by the President (IDB.7/L.12 and L.18) and adopted decisions IDB.7/Dec.14 and IDB.7/Dec.15 (see annex I). For a statement made in connection with the adoption of decision IDB.7/Dec.14, see summary record IDB.7/SR.10, paragraph 36.

V. SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA

28. The Board had before it a report by the Director-General on the Second Industrial Development Decade for Africa (IDB.7/25). The Board considered a draft decision submitted by the President (IDB.7/L.15) and adopted decision IDB.7/Dec.16 (see annex I).

VI. TECHNICAL ASSISTANCE TO THE PALESTINIAN PEOPLE

29. The Board had before it a progress report by the Director-General on technical assistance to the Palestinian people (IDB.7/16). The Board considered a draft decision submitted by the Group of 77 (IDB.7/L.22) with two amendments. A vote was requested by the representative of the United States of America. At the request of the representative of the Islamic Republic of Iran, the vote was taken by roll-call. By 29 votes to 1, with 18 abstentions, the Board adopted decision IDB.7/Dec.17 (see annex I). For statements made in connection with the adoption of the decision, see summary record IDB.7/SR.10, paragraphs 52 to 64.

VII. MOBILIZATION OF FINANCIAL RESOURCES FOR INDUSTRIAL DEVELOPMENT

30. The Board had before it a progress report by the Director-General on UNIDO activities related to the mobilization of financial resources for industrial development (IDB.7/22). The Board considered a draft decision submitted by the Group of 77 (IDB.7/L.24), with several amendments. A vote was requested by the representative of the United States of America. At the request of the representative of the Syrian Arab Republic, the vote was taken by roll-call. By 32 votes to 1, with

14 abstentions, the Board adopted decision IDB.7/Dec.18 (see annex I). For statements made in connection with the adoption of the decision, see summary record IDB.7/SR.10, paragraphs 77 to 81.

VIII. LONG-TERM FINANCING OF THE UNIDO COUNTRY DIRECTOR* PROGRAMME

31. The Board had before it PBC conclusion 1990/7 and a proposal submitted by the Director-General for a long-term financing scheme for the UNIDO Country Director programme (IDB.7/12). The Board considered a draft decision submitted by the President (IDB.7/L.16) and adopted decision IDB.7/Dec.19 (see annex I).

IX. EXTERNAL DEBT AND INDUSTRIAL DEVELOPMENT

32. The Board had before it: a report by the Director-General on possible UNIDO inputs into the operation of innovations for the financing of industry in developing countries (IDB.7/23); a study submitted by the Director-General on the effects of the external debt and the external debt servicing on the industrial development of the developing countries (IDB.7/20); and progress reports by the Director-General on the external debt and industrial development (IDB.7/19) and on UNIDO activities related to the mobilization of financial resources for industrial development (IDB.7/22). The Board considered a draft decision submitted by the President (IDB.7/L.19) with two amendments. A vote was requested by the representative of the United States of America. At the request of the representative of Nigeria, the vote was taken by roll-call. By 45 votes to 1, with no abstentions, the Board adopted decision IDB.7/Dec.20 (see annex I). For statements made in connection with the adoption of the decision, see summary record IDB.7/SR.10, paragraphs 94 to 104 and paragraphs 111 to 113.

X. DEVELOPMENT AND TRANSFER OF TECHNOLOGY AND DEVELOPMENT OF HUMAN RESOURCES

33. The Board had before it: progress reports by the Director-General on implementation of the programme on development and transfer of technology (IDB.7/17) and on the development of human resources (IDB.7/21); and a report by the Director-General on development and transfer of technology through technical co-operation projects (IDB.7/17/Add.1). At the request of the President, the Board took note of the documentation and other information provided by the Secretariat (IDB.7/SR.9, paras. 87-88 and IDB.7/SR.10, paras. 114-115).

XI. RESTRUCTURING OF WORLD INDUSTRIAL PRODUCTION AND REDEPLOYMENT

34. The Board had before it a progress report by the Director-General on UNIDO activities related to the restructuring of world industrial production and redeployment (IDB.7/18). At the request of the President, the Board took note of the documentation and other information provided by the Secretariat (IDB.7/SR.10, paras. 116-117).

* Previously named Senior Industrial Development Field Advisers (SIDFAs).

XII. ADMINISTRATIVE MATTERS: JOINT INSPECTION UNIT

35. The Board had before it a note by the Secretariat on activities of the Joint Inspection Unit in 1989 and early 1990 of relevance to UNIDO (IDB.7/24). At the request of the President, the Board took note of the documentation provided by the Secretariat as well as the JIU reports mentioned therein and referred to by the President (IDB.7/SR.9, paras. 112-113).

XIII. PERSONNEL MATTERS (INCLUDING WOMEN IN THE SECRETARIAT)

36. The Board had before it a report by the Director-General on women in the Secretariat (IDB.7/29 and Corr.1), a statement of the staff of UNIDO submitted by the Chairman of the fifth Staff Council through the Director-General (IDB.7/38) and a list of staff of the UNIDO Secretariat as of 30 September 1990 (IDB.7/CRP.2). The Board considered two draft decisions submitted by the President (IDB.7/L.13 and L.14) and adopted decisions IDB.7/Dec.21 and IDB.7/Dec.22 (see annex I).

XIV. ORGANIZATIONAL AND STAFF STRUCTURE OF UNIDO

37. The Board had before it a report by the Director-General on organizational and staff structure of UNIDO (IDB.7/33) and a note by the Secretariat on the subject (IDB.7/CRP.5). The Board considered a draft decision submitted by the President (IDB.7/L.17) and adopted decision IDB.7/Dec.23 (see annex I). For a statement made in connection with the adoption of the decision, see summary record IDB.7/SR.10, paragraph 126.

XV. APPOINTMENT OF DEPUTY DIRECTOR-GENERAL

38. The Board had before it a note by the Director-General on the appointment of Deputy Director-General for the Department of Administration (IDB.7/35) and adopted decision IDB.7/Dec.24 (see annex I). For statements made in connection with the adoption of the decision, see summary record IDB.7/SR.7, paragraphs 18 to 37.

XVI. PROVISIONAL AGENDA OF THE FOURTH SESSION OF THE GENERAL CONFERENCE

39. The Board had before it decision IDB/S.3/Dec.2 and a note by the Secretariat on the provisional agenda of the fourth session of the General Conference (IDB.7/34). The Board considered a draft decision submitted by the President (IDB.7/L.26) and adopted decision IDB.7/Dec.25 (see annex I).

XVII. COMPUTERIZATION PROGRAMME OF UNIDO

40. The Board had before it PBC conclusion 1990/2; a report by the Director-General and a note by the Secretariat on the development of the electronic data-processing programme of UNIDO (IDB.7/31 and Add.1). The Board considered a draft decision submitted by the President (IDB.7/L.20 and Corr.1) and adopted decision IDB.7/Dec.26 (see annex I). For statements made in connection with the adoption of the decision, see summary record IDB.7/SR.10, paragraphs 131 to 133.

XVIII. DATE AND PROVISIONAL AGENDA FOR
THE EIGHTH SESSION

41. The Board had before it a list of items for the provisional agenda of its eighth session contained in Board decision IDB/S.3/Dec.2, part C. The Board considered proposals contained in document IDB.7/L.25 and, with an amendment, adopted decision IDB.7/Dec.27 (see annex I). For statements made in connection with the adoption of the provisional agenda, see summary record IDB.7/SR.10, paragraphs 137 to 141.

XIX. ADOPTION OF THE REPORT AND CLOSURE
OF THE SEVENTH SESSION

42. The Board considered the draft report (IDB.7/L.10) and adopted the report as a whole, on the understanding that the Rapporteur would be entrusted with the task of finalizing the report (see summary record IDB.7/SR.10, paras. 144 to 149).

43. On 9 November 1990, the Board closed its seventh session.

Annex I

DECISIONS ADOPTED BY THE BOARD AT ITS SEVENTH SESSION*

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* All decisions were adopted by consensus except for decisions IDB.7/Dec.17, 18 and 20 (see footnotes a/, b/ and c/ below). Discussions related to the adoption of the decisions, including details of voting, are reflected in the summary records cited in the present contents.

a/ Decision IDB.7/Dec.17 was adopted by a roll-call vote of 29-1-18.

b/ Decision IDB.7/Dec.18 was adopted by a roll-call vote of 32-1-14.

c/ Decision IDB.7/Dec.20 was adopted by a roll-call vote of 45-1-0.

IDB.7/Dec.1 IMPROVED UTILIZATION OF AVAILABLE
CONFERENCE-SERVICING RESOURCES

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

1st plenary meeting
5 November 1990

IDB.7/Dec.2 SPECIAL PROGRAMME FOR INDUSTRIAL
DEVELOPMENT IN THE ARAB COUNTRIES

The Industrial Development Board:

(a) Recalled General Conference resolution GC.3/Res.9 on economic and technical co-operation among developing countries, in particular paragraph 2;

(b) Further recalled Board decisions IDB.5/Dec.26 and IDB.6/Dec.2;

(c) Took note of the progress report contained in document IDB.7/26, chapter I.A;

(d) Observed the "slow industrial growth in the Arab area, in particular in the least developed countries;

(e) Realized the need for the Arab countries to develop their human, industrial and financial resources towards the achievement of industrial development objectives;

(f) Requested UNIDO in collaboration with Arab Member States and Arab organizations concerned to formulate specific projects within the priority areas defined in Board decision IDB.6/Dec.2 (g) (ii) and document IDB.7/26 (chap. I.A);

(g) Reaffirmed that the Special Programme should be financed in the present biennium (1990-1991) through the redeployment of resources within the regular budget, and supported by the Industrial Development Fund, trust funds and other resources;

(h) Further reaffirmed Board decision IDB.6/Dec.2 (i) that the Special Programme be included in the budget for the 1992-1993 biennium;

(i) Urged the Member States of UNIDO and international institutions concerned with industrial development to support the Special Programme;

(j) Requested the Director-General to submit a report on the implementation of the present decision to the General Conference at its fourth session.

10th plenary meeting
9 November 1990

IDB.7/Dec.3 SPECIAL PROGRAMME FOR THE
INDUSTRIAL DEVELOPMENT OF ASIA
AND THE PACIFIC

The Industrial Development Board:

(a) Recalled its decision IDB.5/Dec.23 and General Conference resolution GC.3/Res.18 on the

Special Programme for the Industrial Development of Asia and the Pacific;

(b) Took note with appreciation of the progress report submitted by the Director-General concerning the Special Programme for the Industrial Development of Asia and the Pacific (IDB.7/26, chap. I.B);

(c) Requested the Director-General to submit to the General Conference at its fourth session a progress report on the implementation of the Special Programme and recommendations for follow-up action;

(d) Further requested the Director-General to initiate activities designed to intensify co-operation among the Member States, including the least developed countries, in the Asia and the Pacific region in the field of industrial development and to report through the Board to the General Conference at its fourth session;

(e) Recalled the request to the Director-General in Board decision IDB.6/Dec.3 to report on the progress achieved in planning programmes in the priority areas outlined in paragraph 3 of Conference resolution GC.3/Res.18 and, in that context, requested the Director-General to report also on the progress made in establishing a special account within the Industrial Development Fund for the purpose envisaged in paragraph (d) of Board decision IDB.5/Dec.23.

10th plenary meeting
9 November 1990

IDB.7/Dec.4 BALANCES OF APPROPRIATIONS FOR
THE BIENNIUM 1986-1987 RESULTING
FROM THE SUSPENSION OF FINANCIAL
REGULATIONS 4.2(b) AND 4.2(c)

The Industrial Development Board:

(a) Recalled General Conference decision GC.3/Dec.17 (c) on the temporary suspension of the financial regulations 4.2(b) and 4.2(c) with respect to the 1986-1987 biennium to allow UNIDO to retain the unutilized balances of the appropriations for that biennium;

(b) Took note with appreciation of the report by the Chairman of the Programme and Budget Committee on the informal consultations held in accordance with paragraph (f) of PBC conclusion 1990/3 (f) (IDB.7/37);

(c) Decided to defer consideration of the recommendations on the use of those unutilized balances to the eighth session of the Industrial Development Board through the seventh session of the Programme and Budget Committee.

10th plenary meeting
9 November 1990

IDB.7/Dec.5 FINANCIAL PERFORMANCE REPORT AND
PROGRAMME PERFORMANCE REPORT,
INCLUDING THE REPORT OF THE
EXTERNAL AUDITOR

The Industrial Development Board:

(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 (IDB.7/11 and Corr.1);

(b) Recalled Programme and Budget Committee conclusion 1990/3 (d), in which the Director-General was requested to report to the Board on the action taken by him in implementation of the observations made by the External Auditor in his report (IDB.7/11 and Corr.1);

(c) In the light of the report submitted by the Director-General in response to the observations of the External Auditor (document IDB.7/11/Add.2), requested the Director-General to submit to the seventh session of the Programme and Budget Committee:

(i) A detailed report on the action taken with regard to the observations made in the External Auditor's report, in particular paragraphs 95 to 135 concerning contracts and purchase;

(ii) A definite planning and time schedule for the preparation of comprehensive manuals containing the formal documentation of administrative and financial policies and procedures of the Organization (cf. IDB.7/11, para. 34), so that the preparation of these manuals could be expedited.

(d) Also requested the Director-General to strictly enforce audit instructions on this matter and report to the General Conference at its fourth session on the result of his efforts.

10th plenary meeting
9 November 1990

IDB.7/Dec.6 APPLICATION OF SPLIT-CURRENCY SYSTEM OF ASSESSMENT

The Industrial Development Board:

(a) Took note of Programme and Budget Committee conclusion 1990/3 (e)(i) and document IDB.7/30 on the implications of the split-currency system of assessment;

(b) Requested the Director-General to study further in consultation with Member States alternatives to the present split-currency system, including the introduction of a constant dollar basis for both budgeting and reporting purposes, in an effort to determine an optimum system for UNIDO and its Member States, and to report on the subject to the Programme and Budget Committee at its seventh session;

(c) Further requested the Director-General to present to the seventh session of the Programme and Budget Committee a tabulation containing the financial data of each option for each Member State, based on the assessed contributions to the regular budget for the 1990-1991 biennium.

10th plenary meeting
9 November 1990

IDB.7/Dec.7 FINANCIAL SITUATION OF UNIDO

The Industrial Development Board:

(a) Took note of the report of the Director-General on the financial situation of UNIDO (IDB.7/32);

(b) Urged those Member States that had not yet paid their regular assessed contributions, including advances to the Working Capital Fund for the year 1990, to do so without further delay;

(c) Strongly urged the countries with arrears in respect of prior bienniums to expedite prompt payment of their assessed contributions;

(d) Took note of the comments of the Director-General on the treatment of outstanding assessed contributions to the regular budget (IDB.7/13, IDB.7/32, para. 16) and requested the Secretariat to apply the methodology described in paragraph 4 (b) of document IDB.7/13 in the treatment of arrears after 31 December 1990 in respect of arrears at that date and for future bienniums;

(e) Requested the Director-General to report to the Board at its eighth session on the status of payment of regular assessed contributions and arrears.

10th plenary meeting
9 November 1990

IDB.7/Dec.8 REPAYMENT OF THE UNITED NATIONS LOAN

The Industrial Development Board:

Took note of the report of the Director-General on the repayment of the United Nations loan (IDB.7/8/Rev.1) and of the fact that:

(a) An amount of \$1 million had been 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;

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

10th plenary meeting
9 November 1990

IDB.7/Dec.9 APPLICATION OF ANNEX II, PARAGRAPH B OF THE CONSTITUTION

The Industrial Development Board:

(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) Took note of the information provided by the Director-General in document IDB.7/9 and Add.1 as well as of the comments made by Member States at the seventh session of the Board;

(c) Requested the Director-General to submit with his proposals for the 1992-1993 budget a computation of the 6 per cent factor of the regular budget for technical co-operation on a gross basis and on a net basis.

10th plenary meeting
9 November 1990

IDB.7/Dec.10 INDUSTRIAL DEVELOPMENT FUND

The Industrial Development Board:

(a) Recalled General Conference decision GC.3/Dec.25 on the Industrial Development Fund and other voluntary contributions;

(b) Took 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 took note of the report of the Director-General on the Industrial Development Fund contained in document IDB.7/2 and the programming thrust for 1991 and 1992 proposed in chapter II of that document;

(d) Decided 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 the light of the critical situation of the general-purpose convertible segment of the Fund as well as to allow for programming flexibility, urged 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 might be achieved as soon as possible; also urged donor Governments holding balances in the Fund to make the interest income accruing on those balances available to the general-purpose convertible segment;

(f) Urged 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) Encouraged 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, paragraph 15 (c).

10th plenary meeting
9 November 1990

IDB.7/Dec.11 REVIEW OF THE FORMAT OF THE PROGRAMME AND BUDGETS, ANNUAL REPORT AND FINANCIAL STATEMENTS

The Industrial Development Board:

(a) Considered Programme and Budget Committee conclusions 1990/3 (e) (ii), and 1990/8;

(b) Welcomed the improved transparency of the new reporting format for programme and budgets;

(c) Approved the format of future programme and budgets proposed in document IDB.7/3 and the incorporation of the performance report in the annual report, as proposed in document IDB.7/3/Add.1;

(d) Requested the Director General to:

(i) Present the draft budget for the biennium 1992-1993 in the proposed format, taking into account improvements suggested by

Member States, particularly the clear separation of the regular budget and the operational budget;

(ii) Include in the new format a list of activities at the level of subprogrammes (instead of organizational units) explicitly related to the priority problem areas and thematic areas of the medium-term plan;

(iii) Separate the elements of the proposed matrix into three parts - priority problem areas, common elements and special programmes - to enable comparisons and cross-reference with data from previous budgets;

(e) Further requested the Director General to present an annual report on technical co-operation activities of UNIDO, containing a clear delineation of the budgetary phases of the execution of the technical co-operation projects within a clear and detailed execution frame.

10th plenary meeting
9 November 1990

IDB.7/Dec.12 OPERATIONAL BUDGET, INCLUDING SUPPORT COSTS

The Industrial Development Board:

(a) Approved the new system of cost identification proposed by the Director-General in document PBC.6/12;

(b) Requested the Director-General to communicate that document to the United Nations Development Programme 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).

10th plenary meeting
9 November 1990

IDB.7/Dec.13 FINANCIAL REGULATIONS

The Industrial Development Board:

(a) Decided to 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 shall 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

unused 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 shall 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) Drew the attention of the General Conference to the understanding concerning the proposed financial regulation 4.1(e) as stated in paragraph 3 of document PBC.6/10.

10th plenary meeting
9 November 1990

IDB.7/Dec.14 MEDIUM-TERM PLAN

The Industrial Development Board:

(a) Recalled the measures and parameters of reviewing and enhancing the medium-term plan outlined in General Conference resolution GC.3/Res.21;

(b) Considered decision GC.3/Dec.24 on the programme and budgets of UNIDO;

(c) Noted the draft medium-term plan for 1992-1997 submitted by the Director-General (IDB.7/7 and Corr.1) with the view that it be further considered by Member States at inter-sessional informal consultations, under the guidance of the Bureau of the current session, in the light of the changing priorities of the developing countries and recent developments in the world economy and in the United Nations system;

(d) Further recalled Programme and Budget Committee conclusion 1990/10;

(e) Also noted the reports of the Director-General on new concepts and approaches to industrial development in conformity with Article 2 (c) of the Constitution (IDB.7/15) and on the practice of zero real growth budgets (IDB.7/28);

(f) Further noted with concern the declining trend in the resources available to the Organization vis-à-vis the increasing responsibilities imposed on the Organization;

(g) Recognized the need to balance the tasks assigned to UNIDO and the tools made available to it;

(h) Requested the Director-General to ensure that the prioritization of the thrust areas, for which the programme resources are proposed for the 1992-1993 budget, is in conformity with the priorities already approved for the medium-term plan, 1990-1995, in Conference resolution GC.3/Res.21;

(i) Further requested the Director-General to ensure that allocation of resources for the programme in the medium-term plan adequately reflects the ordering of the priorities contained therein;

(j) Also requested the Director-General to present to the Programme and Budget Committee at its seventh session a revised version of the draft medium-term plan, 1992-1997, and:

(i) To ensure that the five priority problem areas, the three elements common to industrial development and the six programme instruments of UNIDO already approved for the medium-term plan, 1990-1995 (GC.3/17), form part of the draft document;

(ii) To also ensure that the draft plan presents the activities grouped in programmes and subprogrammes and that it should derive from the functions defined in the Constitution and the legislative mandates of UNIDO, as stated in Conference decision GC.2/Dec.23 (b)(iii);

(iii) To further ensure that a clear and more defined allocation of tasks is presented as well as of the estimated resources needed in the 1992-1993 biennium to carry out the thematic programmes;

(k) Further requested the Director-General to identify, as appropriate, extrabudgetary resources for the implementation of the environment programme and to present to the policy-making organs for approval the energy programme proposed for the 1992-1993 biennium in document IDB.7/7;

(l) Decided to establish, under the guidance of the Bureau of the current session, an informal open-ended consultation group of Member States, without financial implications, to re-examine the practice of zero real growth budgets and report to the Board at its eighth session;

(m) Further decided to postpone to the eighth session of the Board, consideration of chapter III of the report of the Director-General on new concepts and approaches to industrial development (IDB.7/15).

10th plenary meeting
9 November 1990

IDB.7/Dec.15 UNIDO ASSISTANCE TO THE LEAST DEVELOPED COUNTRIES IN THE CONTEXT OF THE MEDIUM-TERM PLAN

The Industrial Development Board:

(a) Considered the precarious situation of the least developed countries, particularly in Africa;

(b) Referred to the Second United Nations Conference on the Least Developed Countries;

(c) Expressed satisfaction at the UNIDO contribution to the preparation of that Conference and to the Conference itself;

(d) Recalled the Paris Declaration and the Programme of Action for the Least Developed Countries for the 1990s;

(e) Invited attention to the section of the Programme of Action addressing "Development, particularly Expansion and Modernization of the Economic Base", and especially to the paragraphs on development of industrial, service, scientific and technological base;

(f) Further invited attention to the paragraphs on the role of public and private enterprise sectors in the least developed countries, as well as to the paragraph on specific programmes for private enterprise development;

(g) Requested the Director-General to take account of the results of the Second United Nations Conference on the Least Developed Countries in all of UNIDO's activities;

(h) To that end, encouraged the Director-General to initiate, as soon as possible, the projects aimed at the implementation of the Plan of Action for the industrial development of the least developed countries;

(i) Requested the Director-General to review and analyse, in consultation with the Governments of the least developed countries, as well as relevant international organizations, including the United Nations Development Programme, key industrial development issues for the industrialization of LDCs and prepare recommendations for national and international action as well as a work programme in the areas of UNIDO's competence, for the least developed countries for the decade of the 1990s.

10th plenary meeting
9 November 1990

IDB.7/Dec.16 **SECOND INDUSTRIAL DEVELOPMENT
DECADE FOR AFRICA**

The Industrial Development Board:

(a) Recalled General Conference resolution GC.3/Res.10 and United Nations General Assembly resolution 44/237;

(b) Took note of the report by the Director-General on the preparations being made for a programme for the Second Industrial Development Decade for Africa (IDDA) (IDB.7/25);

(c) Urged the Director-General to ensure the adoption of an integrated approach in the implementation of the IDDA-related programmes and their co-ordination with those of the relevant Area Programmes, as well as with that of the Regional and Country Studies Branch, in the Secretariat;

(d) Requested the Director-General to enhance and strengthen the functioning of the Unit in the Secretariat to co-ordinate and monitor the implementation of the IDDA programme;

(e) Further requested the Director-General in co-operation with the Executive Secretary of the Economic Commission for Africa and the Secretary-General of the Organization of African Unity, as well as the relevant international and African regional and subregional organizations, to continue to provide the necessary assistance to African countries in the formulation and implementation of their national, subregional and regional programmes for IDDA including the organization of meetings for the working group of governmental experts;

(f) Also requested the Director-General to report on the implementation of this decision to the Board at its eighth session.

10th plenary meeting
9 November 1990

IDB.7/Dec.17 **TECHNICAL ASSISTANCE TO THE
PALESTINIAN PEOPLE**

The Industrial Development Board:

(a) Recalled General Assembly resolution 44/235 on assistance to the Palestinian people;

(b) Recalled also General Conference resolution GC.3/Res.13;

(c) Gravely concerned at the deterioration of the Palestinian national economy, including its industrial sector, as a result of the Israeli occupation:

(i) Took note of the report of the Director-General on technical assistance to the Palestinian people (IDB.7/16);

(ii) Affirmed that the Israeli occupation is detrimental to the basic requirements for the development of the Palestinian national economy including its industrial sector;

(iii) Called for urgent repeal of the restrictions imposed by the Israeli occupation authorities on the Palestinian national economy;

(iv) Urged foreign firms to maintain a separate representation in the occupied territory of Palestine and to grant such rights to Palestinians;

(v) Requested UNIDO to co-operate with relevant United Nations bodies in the efforts aimed at the establishment of a marketing centre for Palestinian industrial products;

(vi) Requested UNIDO to sustain and increase its assistance to the Palestinian people, in close co-operation with the Palestine Liberation Organization;

(vii) Invited the Director-General to study the establishment of an economic unit to monitor and promote the development of the Palestinian industrial sector with the view to including an appropriate provision for that purpose in the programme and budgets for the 1992-1993 biennium and to report on the subject to the Board at its eighth session;

(viii) Requested the Director-General to report to the General Conference at its fourth session and to the Industrial Development Board at its eighth session on the progress made in the implementation of the present decision.

10th plenary meeting
9 November 1990

IDB.7/Dec.18 **MOBILIZATION OF FINANCIAL
RESOURCES FOR INDUSTRIAL
DEVELOPMENT**

The Industrial Development Board:

(a) Recalled General Conference resolution GC.3/Res.5;

