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Item 5 of the provisional agenda

Programme and budgets, 2014-2015

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Revised proposals of the Director General

The present document provides revised proposals of the Director General on the programme and budgets, 2014-2015, thereby complementing the proposals submitted in document IDB.41/5-PBC.29/5. The revised proposals take into account the announcement of one Member State to renounce its membership in the Organization and subsequent requests made by Member States that the Organization's regular budget shall be readjusted so as not to increase the assessed contributions of remaining Member States (decision IDB.39/Dec.7, paragraph (d) refers).

Context

1. On 19 March 2013, the proposals on the programme and budgets, 2014-2015 (IDB.41/5-PBC.29/5), were submitted in accordance with Article 14 of the Constitution and financial regulations 3.1 and 3.4 to the Industrial Development Board, through the Programme and Budget Committee. The Director General presented these proposals on 21 March to Member States followed by regional group briefings from 15 to 17 April 2013.

2. On 18 April 2013, the Permanent Representative of France informed the UNIDO Secretariat that the Government of France would withdraw its membership from the Organization. According to Article 6.1 of the Constitution a "Member may withdraw from the Organization by depositing an instrument of denunciation of this Constitution with the Depositary". According to Article 6.2 of the Constitution, "withdrawal shall take effect on the last day of the fiscal year, following that during which such instrument was deposited". In accordance with Article 6.3 of the Constitution "the contributions to be paid by the withdrawing Member for the fiscal



year following that during which such instrument was deposited shall be the same as the assessed contributions for the fiscal year during which such deposit was effected.

3. Following the announcement of the Member State's intention to renounce its membership in UNIDO, the Director General and the Chair of the Programme and Budget Committee (PBC) have explored the desirable course of action to be taken before the session of the Committee with a view to fostering consensus-building under the prevailing budgetary circumstances. A joint meeting of the Bureaux of the Industrial Development Board and the Programme and Budget Committee was held on 2 May 2013, at which the Director General presented options for budget reductions. The revised proposals take into account recent developments as well as decision IDB.39/Dec.7, paragraph (d), stipulating that, upon the announced departure of any Member State, the Organization's regular budget shall be readjusted so as not to increase the assessed contributions of remaining Member States.

Summary of revised proposals

4. The difference between the amounts of assessed contributions of the leaving Member State as originally foreseen based on the scale of assessment for 2014-2015 and the residual amount to be paid only in 2014, results in a funding gap of €5,335,887. In accordance with decision IDB.39/Dec.7, paragraph (d), the revised proposals reduce the regular budget by the same amount.

5. When identifying the measures leading to a reduced regular budget, the Director General applied the following principles:

(a) Minimize negative programmatic impact and preserve the Organization's capacity to deliver technical cooperation services at the originally estimated value of €318.8 million (\$420.4 million) during 2014-2015;

(b) Maximize efficiency gains by further reducing administrative support positions, deferring the extension of the field network, lowering operating costs including travel, and optimizing the costs of policymaking organs sessions and documentation.

6. The revised proposals include the abolishment of 20 positions as follows. In terms of administrative and clerical support at Headquarters, 3.5 posts were removed from Major Programme E, Programme Support Services. In addition, two General Service posts were cancelled in the management offices of the two substantive Major Programmes.

7. The budgetary consolidation of the programme B.5, Ethics and Accountability resulted in the net reduction of a P-4 level position. The functions of the programme will continue to be executed by the Ethics Officer, however not with the status of a regular staff member.

8. The planned capacity extension of the field network had to be postponed. Consequently, five new national Professional officer and eight new General Service posts were deleted from the revised proposals.

9. The budgetary reduction resulting from the cancellation of the 20 above described positions amounts to €2.07 million.

10. In terms of operating costs the reductions include the following measures. Two floors with an approximate surface area of 2,900 m² will no longer be used by the Secretariat in its Headquarters building. The floors will be handed over to other Vienna-based Organizations and hence the share UNIDO contributes to the Buildings Management Service will be reduced by about €1.28 million, including the impact of reduced estimates for utility costs.

11. Travel expenses and funds for temporary assistance personnel were further reduced by €0.62 million and €0.30 million, respectively.

12. The budgeted costs of the Policymaking Organs were lowered by €0.74 million. A significant item in this package is the replacement of written summary records in all six languages of the Industrial Development Board and the General Conference with digital records, resulting in an estimated budget reduction of €0.30 million. The experience gained by using digital records shall be evaluated in 2015 with a view to determining its adequacy as a long-term solution. Other measures in the package include the introduction of page limits to the documents submitted to the sessions of the policymaking organs, and electronic distribution only of documents.

13. Lastly, the Regular Programme of Technical Cooperation will suffer an automatic reduction of €0.32 million in order to comply with the Constitution of UNIDO (Annex II, Part B), which sets the limit of this programme at 6 per cent of the net regular budget.

14. The above revisions to the initial programme and budgets proposals are shown in further detail in the attached tables following the same structure as the summary tables in the Executive Summary of document IDB.41/5-PBC.29/5.

Action required of the Committee

15. The Committee may wish to consider the revised proposals of the Director General on the programme and budgets, 2014-2015, as contained in documents IDB.41/5-PBC.29/5 and Add.1, and recommend these proposals to the Industrial Development Board for adoption and submission to the General Conference for consideration and approval at its fifteenth session.

Table 1

Summary of budget estimates by Major Programme
for 2014-2015 for total operations

(In euros, at 2014-2015 costs)

Major Programme	Regular budget (net)	Operational budget (net)	Technical cooperation (extrabudgetary)	Total net estimates	Per cent of total estimates
A. Policymaking Organs	4,695,500	89,000		4,784,500	1.0%
B. Executive Direction and Organizational Alignment	10,920,616	279,300		11,199,916	2.3%
C. Thematic Priorities	69,650,290	26,510,400	318,798,500	414,959,190	83.6%
D. Strategic Research, Quality Assurance and Outreach	11,420,400	1,264,100		12,684,500	2.6%
E. Programme Support Services	26,792,300	4,676,600		31,468,900	6.3%
F. Buildings Management					0.0%
G. Indirect Costs	21,340,407			21,340,407	4.3%
Miscellaneous Income	(1,076,000)	(53,800)		(1,129,800)	
Total net requirements	143,743,513	32,765,600	318,798,500	495,307,613	100.0%

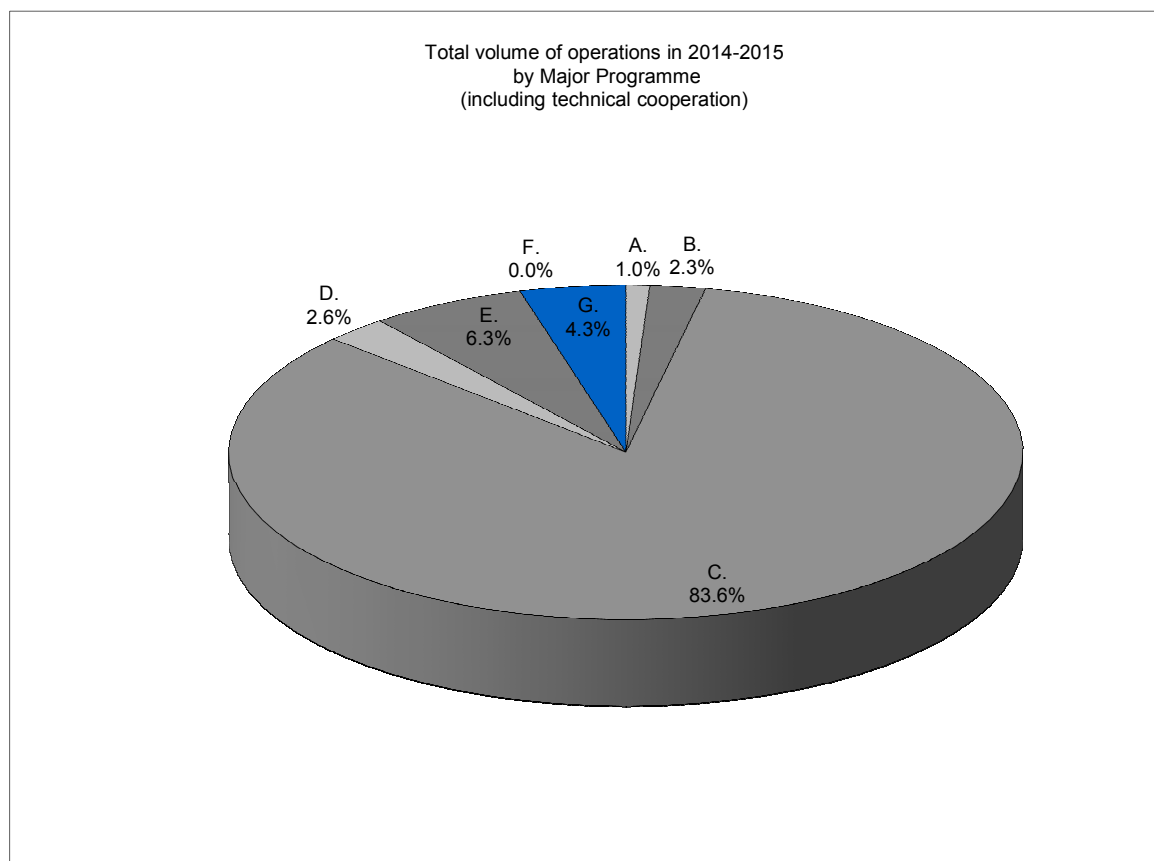


Table 2 (a)

Summary of regular and operational budgets
(Excluding Major Programme F, Buildings Management)

(In euros)

	2014-2015 resource requirements at 2014-2015 rates	Adjustments	Revised 2014-2015 resource requirements at 2014-2015 rates
<u>Regular budget</u>			
Expenditures	152,586,900	(5,335,887)	147,251,013
Income	(3,507,500)		(3,507,500)
Net requirements	149,079,400	(5,335,887)	143,743,513
<u>Operational budget</u>			
Expenditures	32,819,400		32,819,400
Income	(53,800)		(53,800)
Net requirements	32,765,600		32,765,600
Total regular and operational budgets	181,845,000	(5,335,887)	176,509,113

Table 2 (b)

Technical cooperation delivery and support cost income estimates

(Excluding Regular Programme activities)

Table 2 (b) remains unchanged (document IDB.41/5-PBC.29/5 refers).

Table 3
Proposed expenditure and income
by Major Programme for 2014-2015
(In euros)

Major Programme	2014-2015 resource requirements at 2014-2015 rates	Adjustments	Revised 2014-2015 resource requirements at 2014-2015 rates
<u>1. Regular and operational budgets</u>			
A. Policymaking Organs	5,379,200	(594,700)	4,784,500
B. Executive Direction and Organizational Alignment	11,785,910	(585,994)	11,199,916
C. Thematic Priorities	100,618,943	(2,026,753)	98,592,190
Income	(2,431,500)		(2,431,500)
Net requirements	98,187,443	(2,026,753)	96,160,690
D. Strategic Research, Quality Assurance and Outreach	12,815,050	(130,550)	12,684,500
E. Programme Support Services	32,045,250	(576,350)	31,468,900
F. Buildings Management	57,091,300	(2,000,000)	55,091,300
Income	(57,091,300)	2,000,000	(55,091,300)
Net requirements			
G. Indirect Costs	22,761,947	(1,421,540)	21,340,407
Miscellaneous Income	(1,129,800)		(1,129,800)
Total regular and operational budgets	181,845,000	(5,335,887)	176,509,113

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Table 3 (continued)
Proposed expenditure and income
by Major Programme for 2014-2015

(In euros)

Major Programme	2014-2015 resource requirements at 2014-2015 rates	Adjustments	Revised 2014-2015 resource requirements at 2014-2015 rates
2. Regular budget			
A. Policymaking Organs	5,290,200	(594,700)	4,695,500
B. Executive Direction and Organizational Alignment	11,506,610	(585,994)	10,920,616
C. Thematic Priorities	74,108,543	(2,026,753)	72,081,790
Income	(2,431,500)		(2,431,500)
Net requirements	71,677,043	(2,026,753)	69,650,290
D. Strategic Research, Quality Assurance and Outreach	11,550,950	(130,550)	11,420,400
E. Programme Support Services	27,368,650	(576,350)	26,792,300
F. Buildings Management	57,091,300	(2,000,000)	55,091,300
Income	(57,091,300)	2,000,000	(55,091,300)
Net requirements			
G. Indirect Costs	22,761,947	(1,421,540)	21,340,407
Miscellaneous Income	(1,076,000)		(1,076,000)
Total regular budget	149,079,400	(5,335,887)	143,743,513
3. Operational budget			
A. Policymaking Organs	89,000		89,000
B. Executive Direction and Organizational Alignment	279,300		279,300
C. Thematic Priorities	26,510,400		26,510,400
D. Strategic Research, Quality Assurance and Outreach	1,264,100		1,264,100
E. Programme Support Services	4,676,600		4,676,600
Miscellaneous Income	(53,800)		(53,800)
Total operational budget	32,765,600		32,765,600

Table 4 (a)
Proposed expenditure and income
by major object of expenditure for 2014-2015
(Excluding Major Programme F, Buildings Management)
(In euros)

Major object of expenditure	2014-2015 resource requirements at 2014-2015 rates	Adjustments	Revised 2014-2015 resource requirements at 2014-2015 rates
1. Regular and operational budgets			
1 Staff costs	129,509,067	(2,370,450)	127,138,617
2 Official travel	4,810,300	(623,744)	4,186,556
3 Operating costs	29,095,107	(2,021,540)	27,073,567
4 Information and communications technology	7,515,200		7,515,200
5 RPTC and Special Resources for Africa	14,476,626	(320,153)	14,156,473
Income	(3,561,300)		(3,561,300)
Total net regular and operational budgets	181,845,000	(5,335,887)	176,509,113
2. Regular budget			
1 Staff costs	99,844,167	(2,370,450)	97,473,717
2 Official travel	3,282,100	(623,744)	2,658,356
3 Operating costs	27,468,807	(2,021,540)	25,447,267
4 Information and communications technology	7,515,200		7,515,200
5 RPTC and Special Resources for Africa	14,476,626	(320,153)	14,156,473
Income	(3,507,500)		(3,507,500)
Total net regular budget	149,079,400	(5,335,887)	143,743,513
3. Operational budget			
1 Staff costs	29,664,900		29,664,900
2 Official travel	1,528,200		1,528,200
3 Operating costs	1,626,300		1,626,300
Income	(53,800)		(53,800)
Total net operational budget	32,765,600		32,765,600

Table 4 (b)
Annual proposed expenditure and income
by major object of expenditure for 2014-2015
(Excluding Major Programme F, Buildings Management)
(In euros)

Major object of expenditure	2014 resource requirements at 2014 rates 1	2015 resource requirements at 2015 rates 2	2014-2015 resource requirements at 2014-2015 rates 3
1. Regular and operational budgets			
1 Staff costs	62,887,327	64,251,290	127,138,617
2 Official travel	2,025,678	2,160,878	4,186,556
3 Operating costs	13,057,999	14,015,568	27,073,567
4 Information and communications technology	3,700,850	3,814,350	7,515,200
5 RPTC and Special Resources for Africa	6,702,861	7,453,612	14,156,473
Income	(1,573,900)	(1,987,400)	(3,561,300)
Total net regular and operational budgets	86,800,815	89,708,298	176,509,113
2. Regular budget			
1 Staff costs	48,252,977	49,220,740	97,473,717
2 Official travel	1,311,228	1,347,128	2,658,356
3 Operating costs	12,239,099	13,208,168	25,447,267
4 Information and communications technology	3,700,850	3,814,350	7,515,200
5 RPTC and Special Resources for Africa	6,702,861	7,453,612	14,156,473
Income	(1,547,000)	(1,960,500)	(3,507,500)
Total net regular budget	70,660,015	73,083,498	143,743,513
3. Operational budget			
1 Staff costs	14,634,350	15,030,550	29,664,900
2 Official travel	714,450	813,750	1,528,200
3 Operating costs	818,900	807,400	1,626,300
Income	(26,900)	(26,900)	(53,800)
Total net operational budget	16,140,800	16,624,800	32,765,600

Table 5

Posts established under the regular and operational budgets 2014-2015
(Excluding Major Programme F, Buildings Management)

A. Total UNIDO

	2014-2015			Adjusted 2014-2015			Increase/ decrease
	RB	OB	Total	RB	OB	Total	
<u>Professional and above</u>							
Director General	1.0	-	1.0	1.0	-	1.0	-
Director	25.0	8.0	33.0	25.0	8.0	33.0	-
P-5	51.0	13.0	64.0	50.0	14.0	64.0	-
P-4	63.0	9.0	72.0	62.0	9.0	71.0	-1.0
PS (P-2/P-3)	79.0	18.0	97.0	79.0	18.0	97.0	-
YP (P-1)	-	-	-	-	-	-	-
NP (National Programme Officer)	2.0	39.0	41.0	-	36.0	36.0	-5.0
Subtotal	221.0	87.0	308.0	217.0	85.0	302.0	-6.0
General Service	230.50	74.00	304.50	216.00	75.00	291.00	-13.50
GRAND TOTAL	451.50	161.00	612.50	433.00	160.00	593.00	-19.50

B. Headquarters (including offices at New York, Geneva and Brussels)

	2014-2015			Adjusted 2014-2015			Increase/ decrease
	RB	OB	Total	RB	OB	Total	
<u>Professional and above</u>							
Director General	1.0	-	1.0	1.0	-	1.0	-
Director	20.0	3.0	23.0	20.0	3.0	23.0	-
P-5	39.0	5.0	44.0	39.0	5.0	44.0	-
P-4	63.0	7.0	70.0	62.0	7.0	69.0	-1.0
PS (P-2/P-3)	79.0	16.0	95.0	79.0	16.0	95.0	-
YP (P-1)	-	-	-	-	-	-	-
NP (National Programme Officer)	-	-	-	-	-	-	-
Subtotal	202.0	31.0	233.0	201.0	31.0	232.0	-1.0
General Service	161.50	56.00	217.50	156.00	56.00	212.00	-5.50
GRAND TOTAL	363.50	87.00	450.50	357.00	87.00	444.00	-6.50

C. Field Offices

	2014-2015			Adjusted 2014-2015			Increase/ decrease
	RB	OB	Total	RB	OB	Total	
<u>Professional and above</u>							
Director	5.0	5.0	10.0	5.0	5.0	10.0	-
P-5	12.0	8.0	20.0	11.0	9.0	20.0	-
P-4	-	2.0	2.0	-	2.0	2.0	-
PS (P-2/P-3)	-	2.0	2.0	-	2.0	2.0	-
YP (P-1)	-	-	-	-	-	-	-
NP (National Programme Officer)	2.0	39.0	41.0	-	36.0	36.0	-5.0
Subtotal	19.0	56.0	75.0	16.0	54.0	70.0	-5.0
General Service	69.0	18.0	87.0	60.0	19.0	79.0	-8.0
GRAND TOTAL	88.0	74.0	162.0	76.0	73.0	149.0	-13.0