



Distr.
GENERAL

GC.2/INF.4
3 December 1987

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

DECISIONS AND RESOLUTIONS

OF THE

GENERAL CONFERENCE

Second regular session

Bangkok, Thailand

9 to 13 November 1987

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DECISIONS

<u>Decision No.</u>	<u>Title</u>	<u>Item</u>	<u>Voting result</u>
GC.2/Dec.1	Lists of States included in Annex I to the Constitution (GC.2/5/Rev.1; GC.2/SR.1, paras. 16-17)	-	1
GC.2/Dec.2	Election of the President (GC.2/27; GC.2/SR.1, paras. 18-20)	2(a)	1
GC.2/Dec.3	Election of the Vice-Presidents (GC.2/27; GC.2/SR.1, paras. 40-41)	2(b)	1
GC.2/Dec.4	Adoption of the agenda of the second session of the General Conference (GC.2/27; GC.2/SR.1, para. 44)	3	1
GC.2/Dec.5	Organization of work (GC.2/27 and Add.1; GC.2/SR.1, paras. 45-49)	4	1
GC.2/Dec.6	Appointment of the Credentials Committee (GC.2/27; GC.2/SR.1, paras. 50-54; GC.2/SR.4, paras. 116-117)	5(a)	1
GC.2/Dec.7	Credentials of representatives to the second session of the General Conference (GC.2/28 and Corr.1; GC.2/SR.10, paras. 61-83)	5(b)	1
GC.2/Dec.8	Election of twenty-six members to the Industrial Development Board (GC.2/27; GC.2/SR.8, paras. 31-40, 53-59; GC.2/SR.9, paras. 1-2)	6(a)	1
GC.2/Dec.9	Election of members of the Programme and Budget Committee (GC.2/27; GC.2/SR.8, paras. 41-52)	6(b)	2
GC.2/Dec.10	General problems associated with industrial development (GC.2/L.12/Rev.1; GC.2/SR.9, paras. 8, 24-25, 72-73, 75-77)	7	2
GC.2/Dec.11	Report of the World Commission on Environment and Development (GC.2/L.9; GC.2/SR.8, paras. 16-17)	7	2
GC.2/Dec.12	The role of the public sector in the industrial development of developing countries (GC.2/L.14; GC.2/SR.10, paras. 58-59)	7	2
GC.2/Dec.13	New concepts and approaches for co-operation in respect to industrial development in conformity with Article 2 (c) of the Constitution (IDB.3/16 and Add.1; GC.2/27; GC.2/L.1; GC.2/L.13; GC.2/L.24; GC.2/SR.9, paras. 5, 18-19)	7(a)	2

DECISIONS (continued)				Page
Decision No.	Title	Item	Voting result	
GC.2/Dec.14	Annual reports of the Director-General on the activities of the Organization (IDB.2/10; IDB.3/10; GC.2/27; GC.2/SR.8, paras. 6-7)	7(c)		3
GC.2/Dec.15	Co-ordination of industrial development activities in the United Nations system (GC.2/14; GC.2/L.7; GC.2/L.7/Rev.1; GC.2/SR.9, paras. 7, 22-23)	7(g)		3
GC.2/Dec.16	Integration of women in industrial development (GC.2/15; GC.2/L.6/Rev.1; GC.2/SR.8, paras. 13-15; GC.2/SR.9, para. 78)	7(l)		3
GC.2/Dec.17	Reports of the Industrial Development Board on the work of its first special session and its second and third regular sessions (GC.2/1; GC.2/2 and Corr.1 and Add.1; GC.2/3 and Add.1; GC.2/SR.8, paras. 22-23)	10		4
GC.2/Dec.18	Scale of assessments of Member States: assessment of Namibia (GC.2/27; GC.2/SR.9, paras. 12, 30-35)	11(a)	102-2-2	4
GC.2/Dec.19	Scale of assessments for apportionment of the regular budget expenses of UNIDO for the biennium 1988-1989 (GC.2/22; GC.2/27; GC.2/SR.9, paras. 12, 36-39)	11(a)		4
GC.2/Dec.20	Financial situation of UNIDO (GC.2/23; GC.2/27; GC.2/SR.9, paras. 13, 40-42, 74, 80)	11(b)	89-12-5	4
GC.2/Dec.21	Programme and budgets, 1988-1989: split-currency system of assessment (PBC.3/10; PBC.3/CRP.10; GC.2/20; GC.2/27; GC.2/CRP.1; GC.2/SR.9, paras. 11, 44-47, 79)	11(c)		4
GC.2/Dec.22	Programme and budgets, 1988-1989 (GC.2/10; GC.2/27; GC.2/SR.9, paras. 11, 48-49)	11(c)		4
GC.2/Dec.23	Medium-term plan, 1990-1995: programme and budget planning process (GC.2/27; GC.2/SR.9, paras. 11, 50-53)	11(d)		6
GC.2/Dec.24	Medium-term plan, 1990-1995 (IDB.3/4; GC.2/27; GC.2/SR.9, paras. 11, 54-55)	11(d)		7
GC.2/Dec.25	Financial regulations (GC.2/21; GC.2/SR.9, paras. 11, 56-59)	11(e)		7
GC.2/Dec.26	Industrial Development Fund (GC.2/CRP.3; GC.2/SR.9, para. 14; GC.2/SR.10, paras. 84-86)	11(f)		14
GC.2/Dec.27	Working Capital Fund (GC.2/27; GC.2/SR.9, paras. 11, 60-63)	11(g)		14
GC.2/Dec.28	Appointment of external auditors (GC.2/27; GC.2/SR.9, paras. 11, 64-65)	11(h)		14
GC.2/Dec.29	Staff regulations (GC.2/26; GC.2/L.25; GC.2/SR.9, paras. 15, 66-67)	12(a)		14
GC.2/Dec.30	United Nations Joint Staff Pension Fund (GC.2/27; GC.2/SR.9, paras. 15, 68-69)	12(b)		26
GC.2/Dec.31	Matters related to intergovernmental, non-governmental, governmental and other organizations (GC.2/24; GC.2/SR.8, paras. 24-25)	13		26
GC.2/Dec.32	Headquarters agreement between UNIDO and the Republic of Austria (GC.2/25; GC.2/SR.8, paras. 26-30)	14		26
GC.2/Dec.33	Emblem and seal of UNIDO (GC.2/27; GC.2/SR.9, paras. 15, 70-71)	15		26
GC.2/Dec.34	Date and place of the third regular session of the General Conference (GC.2/27; GC.2/SR.10, paras. 88-92)	16		26

RESOLUTIONS

<u>Resolution No.</u>	<u>Title</u>	<u>Item</u>	<u>Voting result</u>	<u>Page</u>
GC.2/Res.1	Strengthening of economic and technical co-operation among developing countries (GC.2/L.5/Rev.1; GC.2/SR.8, paras. 18-19)	7		27
GC.2/Res.2	The Industrial Development Decade for Africa, including the contribution of UNIDO to the restructuring and rehabilitation of African industry, as well as the negotiation of new industrial projects (GC.2/17; GC.2/L.16/Rev.1; GC.2/SR.8, paras. 2-3)	7(b)		27
GC.2/Res.3	African Memorandum on Industrial Development in Africa (GC.2/L.15/Rev.1; GC.2/SR.8, paras. 4-5)	7(b)		28
GC.2/Res.4	Development of human resources and technological capabilities for industrial development (GC.2/18, GC.2/L.2; GC.2/L.10; GC.2/L.17; GC.2/L.10/Rev.1; GC.2/SR.8, paras. 6, 20-21)	7(d)		34
GC.2/Res.5	Institutional arrangements (GC.2/L.19/Rev.1; GC.2/SR.8, paras. 9-12)	7(f)		35
GC.2/Res.6	Technical assistance to the Namibian people (GC.2/8; GC.2/L.21; GC.2/SR.10, paras. 2-13, 45, 47)	7(h)	76-1-16	35
GC.2/Res.7	Technical assistance to the Palestinian people (GC.2/19; GC.2/L.23; GC.2/SR.10, paras. 14-37, 45, 47)	7(i)	79-2-16	36
GC.2/Res.8	Technical assistance to the South African national liberation movements recognized by the Organization of African Unity (GC.2/9; GC.2/L.20; GC.2/SR.10, paras. 38-49)	7(j)	83-2-15	36
GC.2/Res.9	Progress of industrialization of the least developed countries (GC.2/16; GC.2/L.22/Rev.1; GC.2/SR.10, paras. 51-57)	7(k)		37
GC.2/Res.10	Mobilization of financial resources for industrial development (GC.2/6; GC.2/13; GC.2/L.3; GC.2/L.11; GC.2/L.12; GC.2/L.3/Rev.1; GC.2/L.18; GC.2/SR.9, paras. 8, 17, 26-27)	8		37
GC.2/Res.11	The external debt and industrial development (GC.2/6; GC.2/12; GC.2/L.11; GC.2/L.4; GC.2/L.18; GC.2/L.4/Rev.1; GC.2/SR.9, paras. 9, 17, 28-29)	9		38
GC.2/Res.12	Expression of gratitude to the Government and people of Thailand (GC.2/L.26; GC.2/SR.10, paras. 95-96)	-		38

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Introductory note

1. The 34 decisions and 12 resolutions adopted by the General Conference at its second regular session (1987) are reproduced in this booklet.
2. The table of contents, for ease of reference, lists a serial number by which each decision or resolution may be cited, the title of each decision and resolution, the pertinent background document(s), a reference to the summary record of the plenary meeting at which the decision or resolution was adopted, results of voting where applicable, and the relevant agenda item. Decisions and resolutions are, as far as possible, set out in the order of the agenda.
3. This booklet should be read in conjunction with the summary records of the General Conference, where details of the proceedings - including voting, where applicable - are provided.

AGENDA OF THE SECOND REGULAR SESSION

1. Opening of the second session.
2. Election of officers:
 - (a) Election of the President;
 - (b) Election of other officers.
3. Adoption of the agenda.
4. Organization of work.
5. Credentials of representatives in the Conference:
 - (a) Appointment of the Credentials Committee;
 - (b) Report of the Credentials Committee.
6. Elections to organs:
 - (a) Industrial Development Board;
 - (b) Programme and Budget Committee.
- General debate, including major problems related to industrialization, in particular:
 - (a) New concepts and approaches for co-operation in respect to industrial development in conformity with Article 2 (c) of the Constitution;
 - (b) The Industrial Development Decade for Africa, including the contribution of UNIDO to the restructuring and rehabilitation of African industry, as well as the negotiation of new industrial projects;
 - (c) Annual reports of the Director-General on the activities of the Organization;
 - (d) Development of human resources and technological capabilities for industrial development;
 - (e) The System of Consultations;
 - (f) Institutional arrangements;
 - (g) UNIDO's co-ordinating role in the United Nations system in industrial development;
 - (h) Technical assistance to the Namibian people;
 - (i) Technical assistance to the Palestinian people;
 - (j) Technical assistance to the South African national liberation movements recognized by the Organization of African Unity;
 - (k) Progress of industrialization of the least developed countries;
 - (l) Integration of women in development.
8. Mobilization of financial resources for industrial development.
9. The external debt and industrial development.
10. Reports of the Industrial Development board on the work of its first special session and its second and third regular sessions.
11. Programme of work and financial matters:
 - (a) Scale of assessments of Member States;
 - (b) Financial situation of UNIDO;
 - (c) Programme and budgets, 1988-1989;
 - (d) Medium-term plan, 1990-1995;
 - (e) Financial regulations;
 - (f) Industrial Development Fund;
 - (g) Working Capital Fund;
 - (h) Appointment of external auditors.
12. Personnel matters:
 - (a) Staff regulations;
 - (b) United Nations Joint Staff Pension Fund.
13. Matters related to intergovernmental, non-governmental, governmental and other organizations.
14. Headquarters agreement between UNIDO and the Republic of Austria.
15. Emblem and seal of UNIDO.
16. Date and place of the third session.
17. Closure of the second session.

D E C I S I O N S

GC.2/Dec.1 LISTS OF STATES INCLUDED IN ANNEX I
 TO THE CONSTITUTION

The General Conference decided to include Namibia, Tonga and Vanuatu in List A of Annex I to the Constitution.

1st plenary meeting
9 November 1987

GC.2/Dec.2 ELECTION OF THE PRESIDENT

The General Conference, by acclamation, elected Mr. KORN DABBARANSI (Thailand) President of the Conference at its second session.

1st plenary meeting
9 November 1987

GC.2/Dec.3 ELECTION OF THE VICE-PRESIDENTS

The General Conference elected the following Vice-Presidents of the Conference at its second session: Mr. D. OM PRADHAN (Bhutan), Mr. B. EHUI (Côte d'Ivoire), Mr. T. PANGALOS (Greece), Mr. M. CELESTIN (Haiti), Mr. A. SAN MARTIN (Peru), Mr. T. STRULAK (Poland), Mr. R. BOUVENG (Sweden), Mr. M. G. KRUGLOV (Union of Soviet Socialist Republics), Mr. J. M. KALALUKA (Zambia).

1st plenary meeting
9 November 1987

GC.2/Dec.4 ADOPTION OF THE AGENDA OF THE SECOND
 SESSION OF THE GENERAL CONFERENCE

The General Conference adopted the agenda of its second session as contained in document GC.2/4.

1st plenary meeting
9 November 1987

GC.2/Dec.5 ORGANIZATION OF WORK

The General Conference:

(a) Decided to establish, in accordance with rule 44 of its rules of procedure, one Main Committee, under the chairmanship of Mr. André Baeyens (France), on which each Member participating in the Conference might be represented;

(b) Decided to allocate agenda items 7(a), 7(d), 7(g), 8, 9, 11, 12 and 15 to the Main Committee and requested the Chairman of the Main Committee to report orally to the Conference on the work of the Committee on Thursday, 12 November 1987, and submit in writing any draft decisions recommended by the Committee to the Conference;

(c) Also decided to cover under the general debate in the plenary agenda items 7 to 15;

(d) Further decided that the summary records of the Conference would be issued in English only during the session and would be translated into the other official languages as soon as possible in Vienna.

1st plenary meeting
9 November 1987

GC.2/Dec.6 APPOINTMENT OF THE CREDENTIALS
 COMMITTEE

The General Conference appointed the following Members to serve on the Credentials Committee: Angola, Argentina, China, Germany, Federal Republic of, Kenya, Malaysia, Union of Soviet Socialist Republics, United States of America and Uruguay.

1st and 4th plenary meetings
9 and 10 November 1987

GC.2/Dec.7 CREDENTIALS OF REPRESENTATIVES TO
 THE SECOND SESSION OF THE
 GENERAL CONFERENCE

The General Conference approved the report of the Credentials Committee on the credentials of representatives to the second session of the General Conference (GC.2/28 and Corr.1).

10th plenary meeting
13 November 1987

GC.2/Dec.8 ELECTION OF TWENTY-SIX MEMBERS TO
 THE INDUSTRIAL DEVELOPMENT BOARD

The General Conference, in pursuance of Article 9.1 of the Constitution, elected the following twenty-six members to the Industrial Development Board to hold office until the close of the fourth regular session in 1991:

(a) Fifteen members from States in Lists A and C of Annex I to the Constitution: Algeria, Argentina, Botswana, Brazil, Cameroon, Chile, China, Ghana, Guinea, Malaysia, Panama, Philippines, Republic of Korea, United Republic of Tanzania, Yugoslavia.

(b) Eight members from States in List B of Annex I to the Constitution: Belgium, Denmark, France, Germany, Federal Republic of, Italy, Japan, United Kingdom of Great Britain and Northern Ireland, United States of America.

(c) Three members from States in List D of Annex I to the Constitution: Bulgaria, German Democratic Republic, Ukrainian Soviet Socialist Republic.

8th and 9th plenary meetings
12 November 1987

As a result, the Industrial Development Board is composed of the following States: Algeria,**, Argentina,** Australia,* Austria,* Bangladesh,* Belgium,** Botswana,** Brazil,** Bulgaria,** Cameroon,** Chile,** China,** Côte d'Ivoire,* Cuba,* Denmark,** Ecuador,* Egypt,* France,** German Democratic Republic,** Germany, Federal Republic of,** Ghana,** Greece,* Guinea,** India,* Indonesia,* Iraq,* Italy,** Jamaica,* Japan,**

* Twenty-seven States whose term of office expires at the close of the third regular session of the General Conference in 1989.

** Twenty-six States whose term of office expires at the close of the fourth regular session of the General Conference in 1991.

Kenya,* Malaysia,** Mexico,* Nigeria,* Panama,** Philippines,** Poland,* Republic of Korea,** Saudi Arabia,* Spain,* Sweden,* Switzerland,* Thailand,* Tunisia,* Turkey,* 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,** Venezuela,* Yugoslavia,** Zaire,* Zambia*.

GC.2/Dec.9 ELECTION OF MEMBERS OF THE PROGRAMME AND BUDGET COMMITTEE

The General Conference, in pursuance of Article 10.1 of the Constitution, elected the following 27 members of the Programme and Budget Committee to hold office until the close of the third regular session of the Conference in 1989:

(a) Fifteen members from States in Lists A and C of Annex I to the Constitution: Algeria, Angola, Argentina, Bangladesh, Brazil, China, Côte d'Ivoire, Cuba, India, Iran (Islamic Republic of), Iraq, Morocco, Nigeria, Peru, Zimbabwe.

(b) Nine members from States in List B of Annex I to the Constitution: Austria, Finland, France, Germany, Federal Republic of, Italy, Japan, Netherlands, United Kingdom of Great Britain and Northern Ireland, United States of America.

(c) Three members from States in List D of Annex I to the Constitution: Czechoslovakia, Hungary, Union of Soviet Socialist Republics.

8th plenary meeting
12 November 1987

GC.2/Dec.10 GENERAL PROBLEMS ASSOCIATED WITH INDUSTRIAL DEVELOPMENT

The General Conference:

(a) Took note of the final document of the International Conference on the Relationship between Disarmament and Development (24 August - 11 September 1987),

(b) Requested the Director-General to take into account the provisions of that document as applicable to specialized agencies in the programme of work of UNIDO.

9th plenary meeting
12 November 1987

GC.2/Dec.11 REPORT OF THE WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT

The General Conference:

(a) Welcomed the Report of the World Commission on Environment and Development, entitled "Our Common Future", and called attention to its conclusions and recommendations as they relate to the mandate of UNIDO;

(b) Requested the Director-General to report to the Industrial Development Board, at its fourth session, on those aspects of the policies, programmes, budget and activities of UNIDO aimed at contributing to sustainable development in accordance with the report of the World Commission on Environment and Development.

8th plenary meeting
12 November 1987

GC.2/Dec.12 THE ROLE OF THE PUBLIC SECTOR IN THE INDUSTRIAL DEVELOPMENT OF DEVELOPING COUNTRIES

The General Conference decided to refer a draft resolution submitted by a number of countries on the subject (GC.2/L.14) to the open-ended working group mentioned in paragraph (f) of decision GC.2/Dec.13 on new concepts and approaches for co-operation in respect to industrial development in conformity with Article 2 (c) of the Constitution.

10th plenary meeting
13 November 1987

GC.2/Dec.13 NEW CONCEPTS AND APPROACHES FOR CO-OPERATION IN RESPECT TO INDUSTRIAL DEVELOPMENT IN CONFORMITY WITH ARTICLE 2 (c) OF THE CONSTITUTION

The General Conference:

(a) Took note of the report on Article 2 (c) of the Constitution (IDB.3/16), submitted by the Industrial Development Board in accordance with General Conference decision GC.1/Dec.30;

(b) Took note with interest and appreciation of the efforts undertaken by the Secretariat in the search to create new and develop existing concepts and approaches so as to contribute to the fulfilment of the objectives of UNIDO in conformity with the mandate established by its Constitution;

(c) Recognized that the complexity and inherent dynamics of the subject make it necessary for concepts and approaches to be examined on a continuous basis and formulated taking into account the international context;

(d) Recognized the existence of differences of opinion on the subject at the conceptual level and stressed that, in spite of divergent views, some activities presented in chapter III of document IDB.3/16 could constitute a basis for further discussion;

(e) Considered that the proposed target areas for international co-operation contained in document IDB.3/16 should be examined within the context of the medium-term plan of UNIDO for the period 1990-1995;

(f) Welcomed the decision of the Board to establish an open-ended working group with a view to identifying those activities and proposed target areas contained in document IDB.3/16 which might be of special relevance to the industrialization of the developing countries;

(g) Took note of the draft resolution on item 7(a) presented by the Latin American Group (GC.2/L.1) and the draft resolution on interdependence and international industrial co-operation presented by countries of Group D (GC.2/L.13) and referred them to the open-ended working group mentioned in paragraph (f) above;

(h) Invited Member States to transmit their comments and opinions on the subject to the open-ended working group referred to in paragraph (f) above as soon as possible;

(i) Invited the Board to examine the said activities with a view to their possible inclusion within the programme and budgets, 1990-1991, or their financing by extrabudgetary sources.

9th plenary meeting
12 November 1987

GC.2/Dec.14 ANNUAL REPORTS OF THE DIRECTOR-GENERAL ON THE ACTIVITIES OF THE ORGANIZATION

The General Conference took note of the annual reports of UNIDO for 1985 (IDB.2/10) and 1986 (IDB.3/10), welcomed the new concise format of the 1986 annual report and requested the Director-General to adopt that format for future years, while continuing to improve the contents and transparency, taking into account the comments made by Member States during the second and third sessions of the Industrial Development Board and the second session of the General Conference.

8th plenary meeting
12 November 1987

GC.2/Dec.15 CO-ORDINATION OF INDUSTRIAL DEVELOPMENT ACTIVITIES IN THE UNITED NATIONS SYSTEM

The General Conference:

(a) Recalled Article 2 (b) of the Constitution of UNIDO, according to which one of its functions is to initiate, co-ordinate and follow up activities of the United Nations system with a view to enabling the Organization to play the central co-ordinating role in the field of industrial development;

(b) Requested the Director-General to report to the fourth session of the Industrial Development Board on measures to achieve that end in consultation with the United Nations Secretary-General;

(c) Recalled resolution 11 on UNIDO's co-ordinating role in the United Nations system on industrial development, adopted by consensus by the Fourth General Conference of UNIDO in 1984;

(d) Took note of the issue paper submitted by the Secretariat on UNIDO's co-ordinating role in the United Nations system in industrial development (GC.2/14);

(e) Recommended that the Director-General continue to strengthen the co-ordination with other organizations of the United Nations system and with relevant governmental and intergovernmental organizations, as well as with non-governmental organizations whose work was related to that of UNIDO;

(f) Requested the Director-General to assist Governments, at their request, in strengthening their capacity for co-ordination in the area of industrial development;

(g) Recognized, as far as technical co-operation was concerned, the importance of substance-related field-oriented inter-agency co-operation and invited the Director-General to give due priority to sectoral or subsectoral programmes and projects that would be jointly implemented with other specialized agencies of the United Nations system;

(h) Requested the Director-General, in line with decision 87/17 adopted by consensus by the Governing Council of the United Nations Development Programme (UNDP) with a view to enhancing co-ordination at the country level in accordance with national priorities, to harmonize as far as possible UNIDO and UNDP programming of technical co-operation.

9th plenary meeting
12 November 1987

GC.2/Dec.16 INTEGRATION OF WOMEN IN INDUSTRIAL DEVELOPMENT

The General Conference:

(a) Took note of document GC.2/15 "Integration of women in industrial development";

(b) Requested the Director-General to continue the implementation of decision GC.1/Dec.29 on integration of women in industrial development as a priority;

(c) Further requested the Director-General:

(i) To continue to ensure the participation of UNIDO on an inter-sectoral and inter-disciplinary basis in the follow-up to the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development and Peace (Nairobi, 15-26 July 1985) and in the implementation of the system-wide medium-term plan for women and development for the period 1990-1995;

(ii) To incorporate in future programme and budget proposals and in the proposed medium-term plan, 1990-1995, a cross-sectoral presentation of activities relevant to the integration of women in industrial development;

(iii) To co-ordinate closely with other organizations of the United Nations system in that area;

(iv) To ensure that specific attention be paid to women in all technical co-operation and promotion activities, especially with regard to training, small-scale industry and agro-industry activities through the guidelines issued for that purpose;

(v) To ensure that the current and prospective role of women in industry be more systematically explored and more extensively covered in the statistical data collection of UNIDO and that the subject be included, inter alia, in the issues of Industry and Development: Global Report and the series of industrial development reviews;

(vi) To ensure that UNIDO staff be increasingly sensitized to the role and contribution of women in technical co-operation projects through staff training programmes;

(d) Also requested the Director-General to ensure that more women be employed at all professional levels, particularly at senior levels, both at Headquarters and in the field (including Senior Industrial Development Field Advisers) in accordance with United Nations General Assembly resolutions 40/108 and 41/111 taking account of Article 11.5 of the Constitution of UNIDO;

(e) Commended to Member States the increased participation of women in industry and industry-related activities at all levels;

(f) Invited Member States, in the context of their voluntary contributions to the Organization, to include funding for activities promoting the integration of women in industrial development;

(g) Decided to consider that item at its third session.

8th plenary meeting
12 November 1987

GC.2/Dec.17 REPORTS OF THE INDUSTRIAL DEVELOPMENT BOARD ON THE WORK OF ITS FIRST SPECIAL SESSION AND ITS SECOND AND THIRD REGULAR SESSIONS

The General Conference took note of the reports of the Industrial Development Board on the work of its first special session, 15 May 1986 (GC.2/1), second regular session, 13-23 October 1986 and 16 March 1987 (GC.2/2 and Corr.1 and Add.1) and third regular session, 30 June - 3 July and 12 October 1987 (GC.2/3 and Add.1).

8th plenary meeting
12 November 1987

GC.2/Dec.18 SCALE OF ASSESSMENTS OF MEMBER STATES: ASSESSMENT OF NAMIBIA

The General Conference, in accordance with United Nations General Assembly resolution 39/50 C, paragraph 9, decided to waive the assessment of Namibia for apportionment of the regular budget expenses of UNIDO.

9th plenary meeting
12 November 1987

GC.2/Dec.19 SCALE OF ASSESSMENTS FOR APPORTIONMENT OF THE REGULAR BUDGET EXPENSES OF UNIDO FOR THE BIENNIUM 1988-1989

The General Conference:

(a) Took note of the proposed adjustments to the scale of assessments for 1988, based on the application of a coefficient to the United Nations rates of assessments, calculated by the UNIDO Secretariat (GC.2/22), taking into account decision GC.2/Dec.18 on assessment of Namibia, and decided to apply that scale for the year 1989;

(b) Requested all Member States to pay the assessed contributions for the biennium 1988-1989 in accordance with the financial regulations.

9th plenary meeting
12 November 1987

GC.2/Dec.20 FINANCIAL SITUATION OF UNIDO

The General Conference:

(a) Took note of the financial situation of UNIDO as reported in the updated budget performance report of the Director-General (GC.2/23);

(b) Decided to approve a supplementary estimate of \$3.1 million for the regular budget for the fiscal period 1986-1987 in accordance with Article 14.5 of the Constitution, so as to cover the net shortfall in the resources of UNIDO for that period resulting from the depreciation of the dollar;

(c) Urged those Member States that had not yet paid their regular assessed contributions for 1986 and 1987 to do so without further delay and requested all Member States to pay the supplementary assessed contributions for the biennium 1986-1987 as soon as possible.

9th plenary meeting
12 November 1987

GC.2/Dec.21 PROGRAMME AND BUDGETS, 1988-1989: SPLIT-CURRENCY SYSTEM OF ASSESSMENT

The General Conference:

(a) Took note of the reports submitted by the Director-General to the Programme and Budget Committee and the Industrial Development Board on alternative systems of stating budget estimates and assessing Member States (PBC.3/10, PBC.3/CRP.10) and document GC.2/20;

(b) Decided to adopt for the fiscal period 1988-1989 a system of assessment of contributions to the regular budget under which each assessment of a Member State would be established in United States dollars and in Austrian schillings. The dollar share of the assessment, which was not affected by changes in the rate of exchange, should be 28.2 per cent (\$32,895,100) of the proposed appropriation for 1988-1989 at \$US 1 = AS 17.70 (\$116,563,900). The remaining 71.8 per cent (\$83,668,800) represented the basis for the schilling share of the assessment (\$83,668,800 x AS 17.70 = AS 1,480,937,770);

(c) Requested the Director-General to report to the General Conference, at its third regular session, on the applications of the split-currency system of assessment.

9th plenary meeting
12 November 1987

GC.2/Dec.22 PROGRAMME AND BUDGETS, 1988-1989

The General Conference, having considered decisions IDB.3/Dec.18 and IDB.3/Dec.20 of the Industrial Development Board and the proposed programme of work and corresponding estimates for the regular budget and operational budget, 1988-1989, based on the recommendations of the Industrial Development Board (GC.2/10):

(a) Approved the programme and budgets 1988-1989 as contained in document GC.2/10;

(b) In accordance with its decision GC.2/Dec.21 on split-currency system of assessment of the Conference and computed on the basis of an exchange rate of \$US 1 = AS 12.20, approved appropriations and estimates of income for the regular budget for the biennium 1988-1989 for the following purposes:

	REGULAR BUDGET ASSESSMENT			DOLLAR EQUIVALENT PROVIDED FOR INFORMATION AND ACCOUNTING		
	RECOMMENDED BY THE IDB (IDB.3/DEC.18)	\$US (DOLLAR- BASED)	AUSTRIAN SCHILLINGS <u>a/</u> (SCHILLING- BASED)	\$US (DOLLAR- BASED)	\$US EQUIVALENT OF SCHILLINGS NOV.87 RATE <u>b/</u> (SCHILLING- BASED)	TOTAL EQUIVALENT IN \$US (2+5)
	(1)	(2)	(3)	(4)	(5)	(6)
1. APPROPRIATION						
Policy-making Organs	2,184,700	869,000	23,287,890	869,000	1,908,843	2,777,843
Executive Direction and Management	4,252,200	1,441,900	49,742,310	1,441,900	4,077,239	5,519,139
Programme and Project Development	22,680,400	6,131,600	292,913,760	6,131,600	24,009,325	30,140,925
Industrial Promotion, Consultation and Technology	11,594,600	3,626,400	141,037,140	3,626,400	11,560,421	15,186,821
Industrial Operations	28,331,100	12,552,700	279,277,680	12,552,700	22,891,613	35,444,313
External Relations, Public Information, Language and Documentation Services	18,045,100	3,911,900	250,157,640	3,911,900	20,504,725	24,416,625
Administration	49,860,900	6,489,400	767,675,550	6,489,400	62,924,225	69,413,625
Staff Assessment	22,166,800	22,166,800		22,166,800		22,166,800
Subtotal	159,115,800	57,189,700	1,804,091,970	57,189,700	147,876,391	205,066,091
2. ESTIMATED INCOME						
Income from staff assessment	22,166,800	22,166,800		22,166,800		22,166,800
Other income	20,285,900	2,028,600	323,154,200	2,028,600	26,488,049	28,516,649
Income from sales publications	99,200	99,200		99,200		99,200
Subtotal	42,551,900	24,294,600	323,154,200	24,294,600	26,488,049	50,782,649
NET TOTAL (1-2)	116,563,900	32,895,100	1,480,937,770	32,895,100	121,388,342	154,283,442
3. ASSESSMENT OF MEMBER STATES						
		32,895,100	1,480,937,770			

a/ Based on decision IDB.3/Dec.18 at \$US 1 = AS 17.70.

b/ Conversion of schilling appropriation at a rate of exchange of \$US 1 = AS 12.20.

(c) Decided to finance the adjusted appropriations of \$US 57,189,700 plus AS 1,804,091,970 (total equivalent in United States dollars of \$205,066,091) as follows:

- (i) \$US 24,294,600 plus AS 323,154,200 (total equivalent in United States dollars of \$50,782,649) being estimated income including staff assessment for the biennium 1988-1989. There should be set off against the assessment on Member States their respective share in the Tax Equalization Fund equal to the estimated staff assessment income for the biennium 1988-1989;
- (ii) \$US 32,895,100 plus AS 1,480,937,770 (total equivalent in United States dollars of \$154,283,442) being the assessment of Member States in accordance with the provisions of decision GC.2/Dec.18 on the scale of assessments for the biennium 1988-1989;

(d) Approved estimates of expenditure totalling \$34,200,000 for the purpose of the operational budget for the biennium 1988-1989 to be financed from voluntary contributions and such other income as might be provided for in the financial regulations;

(e) Decided that, from the total amount of the 1988-1989 appropriations, an amount representing 15 per cent of those appropriations should be kept in reserve by the Director-General, pending receipt from Member States of their assessed contributions;

(f) Took note of the Director-General's projection of income accruing to the operational budget for 1988-1989 and permitting the financing of 357 posts (94 Professional and 263 General Service) in 1988 and 296 posts (76 Professional and 220 General Service) in 1989* and authorized the Director-General to finance up to the same number of posts under the operational budget in 1989 as in 1988, provided that expenditures did not exceed the resources estimated to be available for programme support, including the accumulated undistributed reserve, subject to the decision of the Industrial Development Board at its fourth session on the recommendation of the Programme and Budget Committee;

(g) Invited the Director-General to redeploy on a selective basis up to 10 per cent of the net resources from the Department of Administration and the Department of External Relations, Public Information, Language and Documentation Services to the Department of Industrial Operations and the Department for Industrial Promotion, Consultations and Technology, and to report on progress achieved in that respect to the fourth session of the Board through the Programme and Budget Committee;

(h) Requested the Director-General to present a report to the Industrial Development Board at its fourth session through the Programme and Budget Committee, which further rationalized the organizational structure of UNIDO, taking into account views expressed by Member States with regard to:

- (i) Eliminating duplication and improving internal co-ordination;
- (ii) Delineating more clearly departmental responsibilities and functions;

(iii) Strengthening the substantive departments of UNIDO;

(iv) Reviewing the functions of the programme components concerned with the least developed countries, economic co-operation among developing countries and the integration of women in industrial development;

(v) Reviewing the structure of the three programme components concerned with relations with Governments and inter-governmental organizations, inter-agency co-ordination and policy-making organs;

(i) Requested the Director-General to draw up his budget proposals in such a way as to facilitate comparison of those proposals with appropriations of the previous biennium;

(j) Requested the Director-General to keep the number of staff at all levels to the minimum level needed to uphold the efficiency and efficacy of the Organization, taking due account of the need for equitable geographical distribution in the staffing of the Secretariat.

9th plenary meeting
12 November 1987

GC.2/Dec.23 MEDIUM-TERM PLAN, 1990-1995:
PROGRAMME AND BUDGET PLANNING PROCESS

The General Conference, desirous of improving the programme and budget planning process of UNIDO:

(a) Recalled the applicable provisions of the rules of procedure of the Programme and Budget Committee, the Industrial Development Board and the General Conference, according to which every effort should be made to take all substantive decisions by consensus;

(b) Requested the Director-General to submit to the Board in the first year of each fiscal period, through the Programme and Budget Committee, a draft medium-term plan for the six years that followed the current fiscal period. The draft medium-term plan should be prepared in accordance with the following principles:

- (i) The plan, as approved by the General Conference, should constitute the principal policy directive of UNIDO;
- (ii) The scope of the draft plan should include regular and operational budget activities;
- (iii) The draft plan should present the activities grouped in programmes and subprogrammes, and it should derive from the functions defined in the Constitution and the legislative mandates of UNIDO and take into account the policy orientation determined by the policy-making organs;
- (iv) The draft plan should be prepared in co-ordination with relevant organizations in the United Nations system drawing, inter alia, on appropriate mechanisms such as system-wide medium-term plans and cross-organizational programme analyses;
- (v) The draft plan to be submitted by the Director-General should:

* Post calculations based on an exchange rate of \$US 1 = AS 12.50.

- a. State the objectives to be achieved in the plan period, the strategy to be followed and the measures to be taken to that effect;
- b. Describe the programme content;
- c. State the relative priorities assigned by the Director-General to the respective programmes and sub-programmes, taking into account the policy orientations determined by the policy-making organs;
- d. Indicate a general ceiling for the following biennium based on anticipated financial and human resources and on programme activity;

- (vi) The plan, as reviewed and approved by the General Conference, should serve as a framework for the formulation by the Director-General of the biennial regular budget draft programme of work and related estimates and operational budget draft proposals and corresponding estimates.

9th plenary meeting
12 November 1987

GC.2/Dec.24 MEDIUM-TERM PLAN, 1990-1995

The General Conference:

(a) Took note of decision IDB.3/Dec.21 of the Industrial Development Board on the proposed medium-term plan, 1990-1995, submitted by the Director-General in document IDB.3/4;

(b) Requested the Director-General to revise the proposals for the medium-term plan, 1990-1995, contained in document IDB.3/4, in accordance with decision GC.2/Dec.23 on the programme and budget planning process, as well as other relevant decisions, and taking into account the views expressed by Member States on that subject at the second session of the General Conference.

9th plenary meeting
12 November 1987

GC.2/Dec.25 FINANCIAL REGULATIONS

The General Conference,

(a) Decided, in accordance with Article 8.3 (c) of the Constitution, to approve the financial regulations annexed to the present decision, which should come into effect on 1 January 1988;

(b) Requested the Director-General for the time being to continue to apply, in accordance with Article 26.2 of the Constitution, the provisions of the financial regulations of the United Nations, namely the chapeau and subparagraph (e) of regulation 5.2, concerning those regulations on which no consensus had been reached, namely regulations 5.2(e) and 5.3;

(c) In relation to regulation 5.5(d), requested the Director-General, when reporting to the third session of the General Conference on the applications of the split-currency system of assessment, to report also on the question of which currency or currencies should be used, in future, for the Working Capital Fund.

9th plenary meeting
12 November 1987

Annex

FINANCIAL REGULATIONS OF UNIDO

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ARTICLE 1. APPLICABILITY

Regulation 1.1: The present Regulations shall govern the financial administration of the United Nations Industrial Development Organization, hereinafter referred to as the "Organization".

ARTICLE II. THE FISCAL PERIOD

Regulation 2.1: The fiscal period shall consist of two consecutive calendar years, the first of which shall be an even year.

ARTICLE III. PROGRAMME AND BUDGETS

Preparation of the budgets

Regulation 3.1: The Director-General shall prepare and submit to the Industrial Development Board (hereinafter referred to as the "Board") through the Programme and Budget Committee, at a time specified in Financial Regulation 3.5 a draft programme of work for the following fiscal period, together with the corresponding estimates for those activities to be financed from the regular budget. The Director-General shall, at the same time, submit proposals and financial estimates for those activities to be financed from voluntary contributions to the Organization.

Regulation 3.2: The financial estimates shall cover income and expenditures for the fiscal period to which they relate and shall be presented in United States dollars.

Regulation 3.3: The financial estimates shall show the income and the expenditures of the Organization under a regular and an operational budget in the following manner:

(a) A regular budget to be financed from assessed contributions, which shall provide for expenditures for administration, research, other regular expenses of the Organization, and for other activities, as provided for in annex II of the Constitution;

(b) An operational budget to be financed from voluntary contributions to the Organization and from such other income as is provided for in the present Regulations, including reimbursement of support costs of technical assistance activities, which shall provide for expenditures for technical assistance and other related activities.

Form of the budgets

Regulation 3.4:

(a) The regular budget shall be divided into programmes and subprogrammes for expenditures as well as into sections for income. It shall also be presented by major objects of expenditure. It shall be accompanied by such information annexes and explanatory statements as may be requested by the General Conference (hereinafter referred to as the "Conference"), the Board or the Programme and Budget Committee as well as such annexes as the Director-General may deem necessary or useful. The regular budget also shall be accompanied by a statement on the main changes in comparison with the previous biennium.

(b) The operational budget shall show the expected income and expenditures in respect of voluntary contributions to the Industrial Development Fund, in respect of such trust funds, reserve and special accounts as have been or may be established by the Director-General and in respect of support costs of technical assistance activities. It shall be accompanied by such information annexes and explanatory statements as may be requested by the Conference, the Board or the Programme and Budget Committee, as well as such annexes as the Director-General may deem necessary or useful.

Review of the budgets

Regulation 3.5: The Director-General shall in the second year of each fiscal period, submit a draft programme of work and the corresponding estimates for the regular budget and the operational budget for the following fiscal period to the Board through the Programme and Budget Committee, as soon as possible and at the latest forty-five days prior to the opening of the session of that Committee.

Regulation 3.6: The Programme and Budget Committee shall consider the proposals of the Director-General and submit to the Board its recommendations on the proposed programme of work and corresponding estimates for the regular and the operational budgets forty-five days prior to the opening of the Board's session. Such recommendations of the Committee shall require a two-thirds majority of the members present and voting.

Regulation 3.7: The Board shall examine the proposals of the Director-General together with any recommendations of the Programme and Budget Committee, and adopt by a two-thirds majority of the members present and voting the programme of work, the regular budget and the operational budget with such modifications as it deems necessary, for submission to the Conference for consideration and approval. The report of the Board, containing the programme of work and related budgets as adopted by the Board shall be transmitted to all Members as soon as possible and at the latest forty-five days prior to the opening of the regular session of the Conference.

Regulation 3.8: The Conference shall, prior to the end of the second year of a fiscal period consider and approve by a two-thirds majority of the Members present and voting the programme of work and the corresponding regular budget and operational budget submitted to it by the Board for the following fiscal period. The Conference may make amendments in the programme of work and the corresponding budgets, in accordance with Financial Regulation 3.11.

Supplementary estimates for the current fiscal period

Regulation 3.9: Supplementary estimates for the current fiscal period for the regular and operational budgets shall, when required, be submitted by the Director-General. They shall be prepared in a form consistent with the approved budgets, and they shall be reviewed and approved in accordance with the procedure laid down for the initial estimates in Regulations 3.5 to 3.8 and 3.11.

Revised estimates for the following fiscal period

Regulation 3.10: Revised estimates for the following fiscal period for the regular and operational budgets shall, when required, be submitted by the Director-General. They shall be prepared in a form consistent with the initial estimates in Regulations 3.5 to 3.8 and 3.11, and they shall be reviewed and approved in accordance with the procedure laid down for the initial estimates except that the applicable time limits for the submission of documents may be waived if necessary.

Resolutions or decisions involving expenditure

Regulation 3.11: No resolution, decision or amendment involving expenditure which has not already been considered by the Programme and Budget Committee and examined by the Board in accordance with Financial Regulations 3.6 and 3.7 shall be approved by the Conference unless it is accompanied by a programme and financial implication statement prepared by the Director-General. No resolution, decision or amendment in respect of which expenditures are anticipated by the Director-General shall be approved by the Conference until the Programme and Budget Committee and, subsequently, the Board, meeting concurrently with the Conference, have had an opportunity to act in accordance with Financial Regulations 3.6 and 3.7. The Board shall submit its decisions to the Conference. The approval by the Conference of such resolutions, decisions and amendments shall require a two-thirds majority of all Members.

Commitments for future fiscal periods

Regulation 3.12: The Director-General may enter into commitments for future fiscal periods, provided that such commitments:

(a) Are for activities which have been approved by the Conference and are expected to continue beyond the end of the current fiscal period; or

(b) Are authorized by specific decisions of the Conference.

ARTICLE IV. BUDGETARY APPROVAL

Authorization to incur obligations and to make payments

Regulation 4.1:

(a) Approval by the Conference of the programme of work and corresponding regular budget shall

constitute an authorization to the Director-General to incur obligations and to make payments for the purposes thus approved and within the appropriations approved therefore.

(b) Approval by the Conference of the proposals and corresponding operational budget shall constitute an authorization to the Director-General to incur obligations and to make payments for the purpose of implementing the activities indicated in the operational budget and within the financial resources available for the operational budget.

Current and future fiscal periods

Regulation 4.2:

(a) Regular budget appropriations shall be available for obligation during the fiscal period to which they relate.

(b) Regular budget appropriations shall remain available for twelve months following the end of the fiscal period to which they relate, to the extent that they are required to discharge obligations in respect of goods supplied and services rendered during that fiscal period and to liquidate any other outstanding legal obligation of that fiscal period. The balance of the appropriation shall be surrendered to the Members.

(c) At the end of the twelve-month period referred to in subparagraph (b) above, the then remaining balance of any regular budget appropriations retained shall be surrendered within thirty days to the Members in proportion to their assessed contributions, provided, however, that before the respective share of the balance is surrendered to any Member that has outstanding regular budget obligations to the Organization, those obligations shall first be brought to account. Any unliquidated regular budget obligation of the fiscal period in question shall at that time either be cancelled or, where the obligation remains a valid charge, transferred as an obligation against the current appropriations.

Transfer of expenditures

Regulation 4.3:

(a) No transfer of expenditures shall take place between the regular budget and the operational budget.

(b) No transfer between major objects of expenditures within the regular budget may take place, except when approved by the Conference in accordance with Regulation 3.11.

(c) Transfers within major objects of expenditure of the regular budget may be made by the Director-General, who shall inform the Board, through the Programme and Budget Committee, and the Conference thereof as soon as possible, provided that in the first fiscal period following its creation, a Professional-level post may not be transferred to another programme or subprogramme.

ARTICLE V. PROVISION OF FUNDS FOR THE REGULAR BUDGET

Appropriation and assessment

Regulation 5.1:

(a) The appropriations approved for regular budget expenditures, subject to the adjustments effected in accordance with the provisions of Regulation 5.2, shall be financed by mandatory contributions from the Members in accordance with a

scale of assessments established by the Conference as provided in Article 15 of the Constitution.

(b) Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.

(c) For each of the two years of the fiscal period, Members shall contribute one half of the total approved amount.

(d) Each assessment shall be established in a component in United States dollars and the remainder in Austrian schillings in direct proportion to the respective shares of regular budget expenditures determined by the Conference, upon recommendation of the Director-General, to be linked to these two currencies. The initial assessment in Austrian schillings shall be established at the United Nations accounting rate of exchange in effect at the time the regular budget is adopted by the Conference.

Regulation 5.2: For each of the two years of the fiscal period the assessment of Members shall be adjusted in respect of:

(a) Supplementary appropriations for which contributions have not yet been assessed;

(b) Half of the estimated miscellaneous income to the regular budget for the fiscal period, for which credits have not previously been taken into account, and adjustments in estimated miscellaneous income previously taken into account;

(c) Contributions resulting from the assessment of new Members as provided in Financial Regulation 5.9;

(d) Any balance of the appropriations surrendered to Members under Financial Regulation 4.2(b) and (c);

(e) Half of the Members' credits in the Tax Equalization Fund for the fiscal period estimated not to be required to meet charges for tax refunds during the calendar year concerned, and any adjustments in the estimated credits previously taken into account.]

Tax Equalization Fund

[Regulation 5.3:

(a) There shall be established a Tax Equalization Fund, to which shall be credited all revenues derived from amounts withheld from the salaries of staff members on account of staff assessment.

(b) Credits shall be recorded to Members in the sub-accounts of the Fund in the proportion of the scale of assessments established by the Conference for the contributions of Members to the regular budget for each fiscal period. The credit of a Member shall be utilized to refund staff members for income taxes levied by that Member in respect of income derived from the Organization, provided that where the total of such refunds is in excess of the Member's credit in the Fund, the excess shall be charged to the regular budget.

(c) The Director-General shall establish obligations against the Fund to cover the estimated liabilities in respect of the refunds to staff members referred to in subparagraph (b) above.

(d) Balances remaining to the credit of Members at the end of a fiscal period, after the refunds and obligations referred to, respectively, in subparagraphs (b) and (c) above, shall be set off against the contributions due from Members for the next subsequent fiscal period as provided in Financial Regulation 5.2(e).]

Working Capital Fund

Regulation 5.4:

(a) Upon recommendation of the Programme and Budget Committee and subsequently the Board, the Conference by a two-thirds majority of the Members present and voting shall determine the amount and purposes of the Working Capital Fund.

(b) The source of moneys for the Fund shall be advances from Members, which shall be made in the proportion of the scale of assessments established by the Conference for the contributions of Members to the regular budget. The advances shall be carried to the credit of the respective Members who made the advances.

(c) Advances made from the Fund to finance approved regular budget appropriations shall be reimbursed as soon as and to the extent that contributions or advances from Members are available for that purpose.

(d) Advances may be made only for the purposes and within the terms and conditions determined by the Conference in accordance with subparagraph (a) above. Except when they are recoverable from some other source, the advances may be reimbursed through the submission of supplementary estimates for the regular budget.

(e) Income derived from investment of the Fund shall be credited to the General Fund.

Collection of contributions and advances

Regulation 5.5:

(a) After the Conference has approved the estimates for the regular budget, established the scale of assessments and determined the amount and purposes of the Working Capital Fund, the Director-General shall as soon as possible with respect to each year of the fiscal period:

- (i) Transmit the relevant documents to Members;
- (ii) Inform Members of their obligations in respect of annual contributions to the regular budget and of advances to the Working Capital Fund;
- (iii) Request Members to remit their contributions and advances.

(b) Contributions and advances shall be due and payable in full within thirty days of the receipt of the communication of the Director-General, referred to in subparagraph (a) above, or as of the first day of the calendar year to which it relates, whichever is later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.

(c) Payments made by a Member shall be credited first to the Working Capital Fund and then to the contributions due, in the order in which the Member was assessed.

(d) Advances to the Working Capital Fund shall be assessed and paid in United States dollars.

(e) Contributions to the regular budget are established in United States dollars and Austrian schillings in the ratio determined in accordance with Regulation 5.1(d). Payments may be made in either or both of these currencies provided that any payment shall be credited on a pro-rata basis to the dollar and schilling obligation at the United Nations accounting rate of exchange in effect at the time the payment is received.

Contributions from new Members

Regulation 5.6: New Members shall be required to make a contribution to the regular budget for the year in which they become Members and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the Conference.

ARTICLE VI. VOLUNTARY CONTRIBUTIONS AND OTHER INCOME

Voluntary contributions, including gifts, bequests and subventions

Regulation 6.1: Voluntary contributions, whether or not in cash, may be accepted by the Director-General on behalf of the Organization, provided that the purposes for which the contributions are made are consistent with the policies of the Organization. The acceptance of such contributions which directly or indirectly involve additional financial liability for the Organization shall require the consent of the appropriate governing bodies of the Organization.

Industrial Development Fund

Regulation 6.2: The Industrial Development Fund shall be financed by voluntary contributions to the Organization and such other income as is provided for in the present Regulations. The Director-General shall administer the Industrial Development Fund in accordance with the general policy guidelines governing the operations of the Fund that are established by the Conference, or by the Board acting on behalf of the Conference, and in accordance with the present Regulations.

Trust funds, reserve and special accounts

Regulation 6.3: Trust funds, reserve and special accounts may be established by the Director-General and shall be reported to the Board through the Programme and Budget Committee. Such funds and accounts shall be administered in accordance with the present Regulations.

Regulation 6.4: The purposes and limits of each trust fund, reserve and special account shall be clearly defined. The Director-General may, when necessary in connection with the purpose of a trust fund, reserve or special account, promulgate special financial rules to govern the operation of such a fund or account and report thereon to the Board through the Programme and Budget Committee.

Regulation 6.5:

(a) Moneys accepted for purposes specified by the donor shall be treated as trust funds or special accounts under Financial Regulations 6.3 and 6.4.

(b) Moneys accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as "gifts" in the accounts of the fiscal period.

Crediting of interest or other income

Regulation 6.6:

(a) Interest or other income derived from a contribution to the Industrial Development Fund shall be credited to the Fund's general account, unless it has been provided in the applicable agreement with the donor that it shall be credited to a sub-account of the Fund.

(b) Interest and other income derived from a trust fund or special account shall be credited to the

trust fund or special account concerned, unless otherwise provided in the applicable agreement with the donor.

ARTICLE VII. CUSTODY OF FUNDS

Regulation 7.1: The Director-General shall designate the bank or banks in which the funds of the Organization shall be kept, bearing in mind the need to minimize the number and scale of foreign exchange transactions.

ARTICLE VIII. INVESTMENT OF FUNDS

Regulation 8.1: The Director-General may invest moneys not needed for immediate requirements. The investment of moneys standing to the credit of any trust fund, reserve or special account, within the operational budget, shall be subject to any directives of the appropriate authority in respect of each such fund or account and having regard to the particular requirements as to the liquidity of funds in each case.

Regulation 8.2: At least once a year, the Director-General shall include in the financial statements submitted to the Programme and Budget Committee and the Board a statement of the investments currently held.

Regulation 8.3: Income derived from investments shall be credited as provided in the rules relating to each fund or account.

ARTICLE IX. INTERNAL CONTROL

Regulation 9.1: The Director-General shall:

- (a) In accordance with Regulation 12.1 establish detailed financial rules and procedures in order to ensure:
 - (i) Effective financial administration and the exercise of economy;
 - (ii) Effective custody of the assets of the Organization;
- (b) Except where advance or progress payments are specifically provided for in the contract, as may be required by normal commercial practice and the interest of the Organization, ensure that all payments are made on the basis of supporting vouchers and other documents which show that the services or goods have been received and have not previously been paid for;
- (c) Designate the officers who may receive moneys, incur commitments or obligations and make payments on behalf of the Organization;
- (d) Maintain an internal financial control and internal audit which shall provide for an effective current examination and/or review of financial transactions in order to ensure:
 - (i) The regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;
 - (ii) The conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Conference, or with the purposes and rules relating to trust funds and special accounts;
 - (iii) The economical use of the resources of the Organization.

Regulation 9.2: Obligations for the current fiscal period or commitments for current and future fiscal periods shall be incurred only after allotments or other appropriate authorizations have been made in writing under the authority of the Director-General.

Ex-gratia payments

Regulation 9.3: The Director-General may make such ex-gratia payments as he deems to be necessary in the interest of the Organization. A statement of such payments shall be submitted with the final and interim accounts.

Writing-off of losses or deficiencies

Regulation 9.4: The Director-General may, after full investigation, authorize the writing-off of losses of cash, supplies, equipment and other assets other than arrears of assessed contributions, provided that if such write-off involves a substantial amount as determined in the financial rules, the write-off shall require prior approval of the Board upon recommendation of the Programme and Budget Committee. A statement of all such amounts written off during each calendar year shall be submitted to the External Auditor with the final and interim accounts.

Contracts and purchases

Regulation 9.5: The Director-General shall as a part of the financial rules establish rules for the procurement of equipment, supplies and other requirements including rules governing the invitation of tenders and the calling of proposals.

ARTICLE X. THE ACCOUNTS

General Fund

Regulation 10.1:

- (a) There shall be a General Fund for the purpose of accounting for those expenditures of the Organization, which are to be financed from the regular budget.
- (b) To the General Fund shall be credited:
 - (i) The contributions to the regular budget paid by Members pursuant to Financial Regulation 5.1;
 - (ii) Any advances made from the Working Capital Fund to finance expenditures of the regular budget;
 - (iii) Revenue derived from the Staff Assessment Plan;
 - (iv) Miscellaneous income to the regular budget including income from investment of the Working Capital Fund and the General Fund, proceeds from the provision or rental of goods or services, or adjustments arising subsequent to the closing of an operational budget account such as a trust fund, special account, project, etc.

Regular budget accounts

Regulation 10.2:

- (a) The Director-General shall establish such accounts and maintain such accounting records as are necessary.

(b) The Director-General shall prepare and submit final accounts for each fiscal period showing its status of appropriations, including:

- (i) The original budget appropriations;
 - (ii) Any supplementary appropriations;
 - (iii) The appropriations as modified by any transfers;
 - (iv) Credits, if any, other than the appropriations voted by the Conference;
 - (v) The amounts charged against those appropriations and/or other credits.
- (c) The Director-General also shall prepare and submit:
- (i) A statement showing the assets and liabilities of the Organization at the close of the fiscal period;
 - (ii) An analysis of the financial situation of the Organization at the close of the fiscal period;
 - (iii) Such other information as may be appropriate.

Operational budget accounts

Regulation 10.3: The Director-General shall establish such accounts and maintain such accounting records as are necessary for the purpose of accounting for the income and expenditures of the operational budget, including the Industrial Development Fund and any trust fund, reserve or special account, during each fiscal period.

Regulation 10.4: Appropriate separate accounts shall be established and maintained for each trust fund, reserve and special account.

Currency of accounts

Regulation 10.5: The accounts of the Organization shall be presented in United States dollars. Accounts and accounting records may, however, be kept in such currency or currencies as the Director-General may deem necessary.

Interim financial report

Regulation 10.6: At the beginning of the second calendar year of each fiscal period, the Director-General shall submit to the Programme and Budget Committee an interim financial report on significant financial developments that have affected the Organization during the first calendar year of the fiscal period concerned.

Submission of accounts

Regulation 10.7: The final accounts for the fiscal period shall be submitted by the Director-General to the External Auditor not later than 31 March following the end of the fiscal period to which they relate. Interim accounts for the first calendar year of each fiscal period shall be submitted by the Director-General to the External Auditor not later than 31 March following the end of the calendar year concerned.

ARTICLE XI. EXTERNAL AUDIT

Appointment of an External Auditor

Regulation 11.1: An External Auditor, who shall be Auditor-General (or an officer exercising an equivalent function) of a Member State, shall be appointed in the manner and for the period decided by the Conference.

Regulation 11.2: If the External Auditor ceases to hold office as Auditor-General (or equivalent function) in his own country, his tenure of office as External Auditor shall thereupon be terminated and the Member State to which he belongs will designate as External Auditor his successor for the office of Auditor-General. The External Auditor may not otherwise be removed during his tenure of office, except by the Conference.

Scope of audit

Regulation 11.3: The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special direction of the Conference, in accordance with the Additional Terms of Reference set out in the annex to the present Regulations.

Regulation 11.4: The External Auditor may make observations with respect to the economy, efficiency and effectiveness of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.

Regulation 11.5: The External Auditor shall be completely independent and solely responsible for the conduct of the audit.

Regulation 11.6: The Conference, the Board or the Programme and Budget Committee may request the External Auditor to perform certain specific examinations and to issue separate reports on the results.

Facilities

Regulation 11.7: The Director-General shall provide the External Auditor with the facilities required for the performance of the audit.

Regulation 11.8: For the purpose of making a local or special examination or of effecting economies of audit costs, the External Auditor may engage the services of any national Auditor-General (or officer exercising an equivalent function) or commercial public auditor of known repute or any other person or firm who, in the opinion of the External Auditor, is technically qualified.

Reporting

Regulation 11.9: The External Auditor shall issue a report on the audit of the financial statements and relevant schedules, which shall include such information as he deems necessary in regard to matters referred to in Financial Regulation 11.4 and in the Additional Terms of Reference.

Regulation 11.10: The External Auditor's reports, together with the audited financial statements, shall be completed not later than by 1 June following the

fiscal period to which they relate and shall be transmitted through the Programme and Budget Committee to the Board in accordance with directions given by the Conference. The Programme and Budget Committee shall examine the financial statements and the audit reports and submit recommendations to the Board which shall forward them to the Conference with such comments as it deems appropriate. The report on the interim accounts shall be completed not later than by 1 June following the calendar year to which it relates and shall be submitted to the Programme and Budget Committee.

ARTICLE XII. GENERAL PROVISIONS

Financial rules

Regulation 12.1: Subject to the present Regulations the Director-General shall issue financial rules which shall govern the administration of all financial activities and transactions of the Organization. The Director-General may in the financial rules delegate authority to officials of the Organization. The Director-General shall report to the Board through the Programme and Budget Committee on the issuance of financial rules.

Entry into force and amendments

Regulation 12.2: The present Regulations shall become effective as of the date of their approval by the Conference, unless otherwise specified by the Conference. They may be amended only by the Conference.

ANNEX TO THE FINANCIAL REGULATIONS

Additional terms of reference governing the audit of the United Nations Industrial Development Organization

1. The External Auditor shall perform such audit of the accounts of the Organization, including all trust funds and special accounts, as he deems necessary in order to satisfy himself:

(a) That the financial statements are in accord with the books and records of the Organization;

(b) That the financial transactions reflected in the statements have been in accordance with the Rules and Regulations, the budgetary provisions and other applicable directives;

(c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Organization's depositories or by actual count;

(d) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereon;

(e) That procedures satisfactory to the External Auditor have been applied to the recording of all assets, liabilities, surpluses and deficits.

2. The External Auditor shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Director-General and may proceed to such detailed examination and verification as he chooses of all financial records including those relating to supplies and equipment.

3. The External Auditor and his staff shall have free access at all convenient times to all books, records and other documentation which are, in the

opinion of the External Auditor, necessary for the performance of the audit. Information classified as privileged and which the Director-General (or his designated senior official) agrees is required by the External Auditor for the purposes of the audit and information classified as confidential shall be made available on application. The External Auditor and his staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The External Auditor may draw the attention of the Conference or the Board to any denial of information classified as privileged which in his opinion was required for the purpose of the audit.

4. The External Auditor shall have no power to disallow items in the accounts but shall draw to the attention of the Director-General for appropriate action any transaction concerning which he entertains doubt as to legality or propriety. Audit objections to these or any other transactions arising during the examination of the accounts shall be immediately communicated to the Director-General.

5. The External Auditor shall express and sign an opinion in the following terms:

"I have examined the following appended financial statements, numbered ... to ..., properly identified, and relevant schedules of the United Nations Industrial Development Organization for the financial period ended 31 December 19... My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances", and which shall state, as appropriate, whether:

(a) The financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended;

(b) The financial statements were prepared in accordance with the stated accounting principles;

(c) The accounting principles were applied on a basis consistent with that of the preceding financial period;

(d) Transactions were in accordance with the Financial Regulations and legislative authority.

6. The report of the External Auditor on the financial operations of the period should mention:

(a) The type and scope of his examination;

(b) Matters affecting the completeness or accuracy of the accounts, including where appropriate:

(i) Information necessary to the correct interpretation of the accounts;

(ii) Any amounts which ought to have been received but which have not been brought to account;

(iii) Any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;

(iv) Expenditures not properly substantiated;

(v) Whether proper books of accounts have been kept where in the presentation of statements there are deviations of material nature from

the generally accepted accounting principles applied on a consistent basis, these should be disclosed;

(c) Other matters which should be brought to the notice of the Conference or the Board such as:

- (i) Cases of fraud or presumptive fraud;
- (ii) Wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);
- (iii) Expenditure likely to commit the Organization to further outlay on a large scale;
- (iv) Any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;
- (v) Expenditure not in accordance with the intention of the Conference after making allowance for duly authorized transfers within the budget;
- (vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;
- (vii) Expenditure not in conformity with the authority which governs it.

(d) The accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records.

(e) If appropriate, transactions accounted for in a previous period concerning which further information has been obtained or transactions in a later period concerning which it seems desirable that the Conference or the Board should have early knowledge.

7. The External Auditor may make such observations with respect to his findings resulting from the audit and such comments on the Director-General's financial report as he deems appropriate to the Conference or to the Board or to the Director-General.

8. Whenever the External Auditor's scope of audit is restricted, or he is unable to obtain sufficient evidence, the External Auditor shall refer to the matter in his opinion and report, making clear in the report the reasons for his comments and the effect on the financial position and the financial transactions as recorded.

9. In no case shall the External Auditor include criticism in his report without first affording the Director-General an adequate opportunity of explanation on the matter under observation.

10. The External Auditor is not required to mention any matter referred to in the foregoing that, in his opinion, is insignificant in all respects.

GC.2/Dec.26 INDUSTRIAL DEVELOPMENT FUND

The General Conference took note of decisions IDB.2/Dec.7 and IDB.3/Dec.25 of the Industrial Development Board and the information provided by the President of the Conference concerning the pledges announced for 1988.

10th plenary meeting
13 November 1987

GC.2/Dec.27 WORKING CAPITAL FUND

The General Conference:

(a) Decided, in accordance with the applicable financial regulations, that the amount of the Working Capital Fund for the biennium 1988-1989 should be \$9 million;

(b) Authorized the Director-General to advance from the Working Capital Fund:

(i) Such sums as might be necessary to finance budgetary appropriations pending the receipt of contributions; sums so advanced should be reimbursed as soon as receipts from contributions were available for that purpose;

(ii) Such sums as might be necessary to finance unforeseen and extraordinary expenses, excluding expenditures intended to compensate for any losses caused by fluctuation in exchange rates; for sums so advanced, the Director-General should make provision in the budget estimates for reimbursing the Working Capital Fund.

9th plenary meeting
12 November 1987

GC.2/Dec.28 APPOINTMENT OF EXTERNAL AUDITORS

The General Conference decided to extend the present appointment of the Senior President of the Audit Office of Belgium as the External Auditor for UNIDO for a period of two years beginning on 1 July 1988, under the terms of reference specified in the financial regulations applicable to UNIDO. The travel and subsistence costs related to the work of the external auditor would be borne by the UNIDO regular budget.

9th plenary meeting
12 November 1987

GC.2/Dec.29 STAFF REGULATIONS

The General Conference:

(a) Decided, upon recommendation of the Industrial Development Board, in accordance with Article 11.5 of the Constitution, to establish the staff regulations annexed to the present decision, which should come into effect as of 1 July 1988;

(b) Decided that regulation 3.4 second sentence be applied provisionally until a final decision on its final formulation was made by the Conference;

(c) Requested the Director-General for the time being to continue to apply, in accordance with Article 26.2 of the Constitution, the provisions of the Staff Regulations of the United Nations 3.3(e), 3.3(f) and the pertinent provisions of article 11.1, concerning those regulations on which no consensus had been reached, namely 0.8(c), 0.8(d) and 1.4;

(d) Requested the Board to continue, as required, the consideration of the texts still in brackets in the staff regulations and regulation 3.4 second sentence and report to the General Conference at its third session.

9th plenary meeting
12 November 1987

Annex

STAFF REGULATIONS

OF THE UNITED NATIONS INDUSTRIAL
DEVELOPMENT ORGANIZATION

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PREAMBLE

[As stated in Article 1 of its Constitution, the primary purpose of the United Nations Industrial Development Organization, hereinafter referred to as the Organization, shall be the promotion and acceleration of industrial development in the developing countries with a view to assisting in the establishment of a new international economic order. The Organization shall also promote industrial development and co-operation on global, regional and national as well as on sectoral levels. The accomplishment of those common objectives depends in a large measure upon the dedication and joint efforts of the staff of its Secretariat.]

The Staff Regulations set forth the basic rights, duties and obligations of the Secretariat of the Organization and the fundamental conditions of service of its staff. They represent the broad principles of personnel policy for the staffing and administration of the Secretariat. The Director-General, as Chief Administrative Officer, shall provide and enforce such staff rules consistent with these principles as he or she considers necessary.

Article I

DUTIES, OBLIGATIONS AND PRIVILEGES

1.1 Staff are international civil servants. Their responsibilities are not national but exclusively international. By accepting appointment, they pledge themselves to discharge their functions and to regulate their conduct with only the interests of the Organization in view.

1.2 In the performance of their duties staff shall neither seek nor accept instructions from any Government or from any other authority external to the Organization. Staff should note that member states have on their part undertaken to respect the exclusively international character of the responsibilities of the Director-General and the staff and not to seek to influence them in the discharge of their responsibilities.

1.3 Staff shall conduct themselves at all times in a manner befitting their status as international civil servants. They shall not engage in any activity that is incompatible with the proper discharge of their duties with the Organization. They shall avoid any action and in particular any kind of public pronouncement which may adversely reflect on their status, or on the integrity, independence and impartiality which are required by that status. While they are not expected to give up their national sentiments or their political and religious convictions, they shall at all times bear in mind the reserve and tact incumbent upon them by reason of their international status.

1.4 Staff shall exercise the utmost discretion in regard to all matters of official business. They shall not communicate to any person any information known to them by reason of their official position which has not been made public, except in the course of their duties or with proper authorization. Nor shall they at any time use such information to private advantage. These obligations do not cease upon separation from the Secretariat.

1.5 Staff shall not accept any favour, gift or remuneration from any Government. They shall not accept any honour or decoration from any Government or accept any honour, favour, gift or remuneration from any other private or public source external to the Organization, without approval by the Director-General. Approval shall be granted only in exceptional cases and where such acceptance is not incompatible with the terms of the present regulations and with the individual's status as an international civil servant.

1.6 Staff may exercise the right to vote but shall not engage in any political activity which is inconsistent with or might reflect upon the independence and impartiality required by their status as international civil servants.

1.7 The immunities and privileges attached to the Organization by virtue of Article 21 of the Constitution are conferred in the interests of the Organization. These privileges and immunities furnish no excuse to the staff who enjoy them for non-performance of their private obligations or failure to observe laws and police regulations. In any case

where a question of these privileges and immunities arises, the staff member shall immediately report to the Director-General, with whom alone it rests to decide whether they shall be waived. In the case of the Director-General, the Industrial Development Board shall have the right to waive immunities.

1.8 Staff shall subscribe to the following oath or declaration:

"I solemnly swear (undertake, affirm, promise) to exercise in all loyalty, discretion and conscience the functions entrusted to me as an international civil servant of the United Nations Industrial Development Organization, to discharge these functions and regulate my conduct with the interests of the Organization only in view, and not to seek or accept instructions in regard to the performance of my duties from any Government or other authority external to the Organization."

1.9 The oath or declaration shall be made orally by the Director-General at a public meeting of the General Conference. Staff shall make the oath or declaration before the Director-General or his or her authorized representative.

Article II

CLASSIFICATION OF POSTS

2. With due regard to applicable standards established by the International Civil Service Commission, the Director-General:

- (i) Shall make provision for the classification of posts, other than those of Deputy Directors-General, at established offices of the Organization at appropriate grades in the following categories:

Director and Principal Officer category;
Professional category;
General Service and related categories.
- (ii) May establish a grading structure corresponding to that for the Professional and higher categories with respect to posts with functions specifically related to service with technical co-operation projects.

Article III

APPOINTMENT OF STAFF

3.1 Staff shall be selected and appointed by the Director-General in accordance with the provisions of the Constitution and of the present regulations.

3.2 The paramount consideration in the employment of the staff shall be the necessity of securing the highest standards of efficiency, competence and integrity, and due regard shall be paid to the importance of recruiting the staff on a wide and equitable geographical basis.

3.3 Selection of staff shall be made without distinction as to race, sex, religion or disability, among candidates who meet the qualifications required. So far as practicable, selection shall be made on a competitive basis.

3.4 Appointment of Deputy Directors-General shall normally be for a period of two years, subject to renewal or extension by the Director-General. Other staff members shall be granted either fixed-term or permanent appointments under such terms and conditions

consistent with the present regulations as the Director-General may prescribe.

3.5 The Director-General shall establish appropriate medical standards which staff shall be required to meet before appointment.

3.6 Upon appointment each staff member shall receive a letter of appointment signed by the Director-General or by an official in the name of the Director-General. The letter of appointment shall contain expressly or by reference all the terms and conditions of employment. Samples of letters of appointment will constitute an annex to the Staff Rules.

Article IV

SERVICE AND CAREER DEVELOPMENT

4.1 Staff are subject to the authority of the Director-General and to assignment by him or her to any of the activities or offices of the Organization. They are responsible to him or her in the exercise of their functions. The Director-General shall establish a normal work week.

4.2 Subject to the provisions of regulation 3.2 above and without prejudice to the recruitment of fresh talent at all levels, the fullest regard shall be had, in filling vacancies, to the requisite qualifications and experience of persons already in the service of the Organization. This consideration shall also apply on a reciprocal basis to staff in the United Nations family of organizations.

4.3 The Director-General shall establish conditions and procedures for the development of staff career so as to meet the staffing requirements of the Organization as well as the developmental needs of the staff.

4.4 Staff may be given suitable training as may be determined necessary by the Director-General in order to improve their skills and effectiveness in their current or prospective assignments.

4.5 Under conditions prescribed by the Director-General, the service of staff shall be the subject of counselling, evaluation and reporting made from time to time by their supervisors.

Article V

STAFF RELATIONS

5.1 The Director-General shall establish and maintain continuous contact and communication with the staff in order to ensure the effective participation of the staff in identifying, examining and resolving issues relating to staff welfare, including conditions of work, general conditions of life and other matters of personnel policy.

5.2 A staff representative body shall be established and shall be entitled to make proposals and representations to the Director-General for the purpose set forth in regulation 5.1 above. It shall be organized in such a way as to afford equitable representation to all staff, by means of elections that shall take place at least biennially under electoral regulations drawn up by the staff representative body and agreed to by the Director-General.

5.3 The Director-General shall establish joint staff/management machinery to advise him or her regarding personnel policies and general questions of staff welfare.

Article VI

SALARIES AND RELATED ALLOWANCES

6.1 The salaries for staff in the Professional and higher categories shall be as shown in schedule I of the present regulations. Subject to satisfactory service, salary increments within the levels of the Professional category and the Director and Principal Officer category shall be awarded annually, except that any increment above D-1, step IV, shall be preceded by two years at the previous step. The Director-General is authorized to reduce the interval between salary increments to 10 months and 20 months, respectively, in the case of staff subject to geographical distribution who have an adequate and confirmed knowledge of a second official language of the Organization.

6.2 In order to maintain equality of the purchasing power of the salaries at different duty stations and over periods of time, the salaries of staff in the Professional and higher categories shall be subject to adjustment, plus or minus, hereinafter called "post adjustment", as established by the International Civil Service Commission. This adjustment shall be applied at the rates shown in schedule II of the present regulations.

6.3 The Director-General is authorized, on the basis of appropriate justification and/or reporting, to make additional payments to Deputy Directors-General and to Directors to compensate for such special costs as may be reasonably incurred, in the interests of the Organization, in the performance of duties assigned to them by the Director-General. The maximum amount of such payments is to be determined in the regular budget by the General Conference.

6.4 The salary scales and the scheme of post adjustments as provided in regulations 6.1 and 6.2 above shall apply to staff specifically engaged for service with technical co-operation projects at the comparable grade level and step.

6.5 (a) The Director-General shall fix the salary scales for staff in the General Service and related categories, normally on the basis of the best prevailing conditions of employment in the locality, taking into account the recommendations of the International Civil Service Commission. The Director-General may, where he or she deems it appropriate, provide for payment of a non-resident's allowance to General Service staff recruited from outside the local area.

(b) The Director-General shall establish rules under which a language allowance may be paid to staff in the General Service category who pass an appropriate test and demonstrate continued proficiency in the use of two or more official languages.

6.6 The Director-General shall determine the salary rates to be paid to language teachers and to personnel specifically engaged for conference and other short-term service.

6.7 No salary shall be paid to staff in respect of periods of unauthorized absence from work unless such absence was caused by reasons beyond their control or duly certified medical reasons.

6.8 (a) An assessment shall be applied to the salaries and such other emoluments of staff as are computed on the basis of salary, excluding post adjustments. The rates of the assessment, hereinafter called "staff assessment", shall be as shown in schedule III of the present regulations.

(b) Staff assessment shall be collected by the Organization by withholding it from payments. No part of the assessment so collected shall be refunded because of cessation of employment during the calendar year. Revenue derived from staff assessment shall be credited to a Tax Equalization Fund established under the Financial Regulations of the Organization.

[(c) Where a staff member is subject to both the staff assessment and to national income taxation in respect of the salaries and emoluments paid to him or her by the Organization, the Director-General is authorized to reimburse to him or her an amount representing the difference between the actual tax paid for the year on the staff member's total income and the tax that would have been payable without the income from the Organization. For this purpose computation of the income from the Organization shall include dependency benefits and post adjustments, which are not subject to staff assessment but may be subject to national income taxation.]

[(d) Payments made under paragraph (c) above shall be charged to the Tax Equalization Fund.]

6.9 (a) Staff in the Professional and higher categories shall be entitled to receive dependency allowances in respect of their dependent children or secondary dependants under conditions established by the Director-General as reflected in annex I to the present regulations.

(b) Staff in the General Service and related categories shall be entitled to receive dependency allowances at rates and under conditions determined by the Director-General, due regard being given to the circumstances in the locality.

(c) With a view to avoiding duplication of benefits and in order to achieve equality between staff who receive dependency benefits under applicable laws in the form of government grants and staff who do not receive such dependency benefits, the Director-General shall prescribe conditions under which the dependency allowance in respect of a child shall be payable only to the extent that the dependency benefits enjoyed by the staff member or his or her spouse under applicable laws amount to less than such an allowance.

(d) Claims for dependency allowances shall be submitted in writing and supported by evidence satisfactory to the Director-General. A separate claim for dependency allowances shall be made each year.

6.10 (a) The Director-General shall establish terms and conditions under which an education grant shall be available to a staff member serving outside his or her recognized home country whose dependent child is in full-time attendance at a school, university or other post-secondary educational institution of a type which will, in the opinion of the Director-General, facilitate the child's re-assimilation in the staff member's recognized home country. The amount of the grant for each child per scholastic year is shown in annex II to the present regulations. Travel costs of the child may

also be paid for an outward and return journey between the educational institution and the staff member's duty station, normally once in each scholastic year.

- (b) The Director-General shall establish terms and conditions under which a special education grant shall be available to a staff member whose child is unable, by reason of physical or mental disability, to attend a normal educational institution and therefore requires special teaching or training. The amount of the grant for each disabled child per year is shown in annex II to the present regulations.

Article VII

ANNUAL AND SPECIAL LEAVE

7.1 Staff shall be allowed appropriate annual leave.

7.2 Special leave may be authorized by the Director-General as defined in the Staff Rules.

7.3 Eligible staff shall be granted home leave once in every two years. However, in the case of service at duty stations designated by the International Civil Service Commission as having difficult or very difficult conditions of life and work, the Director-General may grant eligible staff home leave once every 18 months or 12 months respectively, according to schedules established by the International Civil Service Commission. Staff whose home country is the country of their official duty station or who continue to reside in their home country while performing their official duties shall not be eligible for home leave.

Article VIII

SOCIAL SECURITY

8.1 Provision shall be made for the participation of staff in the United Nations Joint Staff Pension Fund in accordance with the Regulations and Rules of that Fund.

8.2 The Director-General shall establish a scheme of social security for the staff, including provisions for health insurance, sick leave and maternity leave, and reasonable compensation in the event of illness, injury or death attributable to the performance of official duties on behalf of the Organization.

Article IX

TRAVEL AND REMOVAL EXPENSES

9.1 Subject to conditions and definitions prescribed by the Director-General, the Organization shall in appropriate cases pay the travel expenses of staff, their spouses and dependent children.

9.2 Subject to conditions and definitions prescribed by the Director-General, the Organization shall pay removal costs for staff.

Article X

SEPARATION FROM SERVICE

10.1 Staff may resign from the Organization upon giving the Director-General the notice required under the terms of their appointment.

10.2 Staff shall not be retained in active service beyond the age of 60 years, unless the Director-General decides, in the interest of the Organization, to extend the age limit in individual

cases. Such extension shall normally not be granted for more than a total period of two years in the case of staff in the Professional and higher categories or in the General Service and related categories, or five years in the case of staff specifically engaged for service with technical co-operation projects.

10.3 (a) The Director-General may terminate the appointment of a staff member who holds a permanent appointment if the necessities of the service require abolition of the post or reduction of the staff, if the services of the individual concerned prove unsatisfactory, or, if the staff member is, for reasons of health, incapacitated for further service.

(b) The Director-General may also terminate the appointment of a staff member who holds a permanent appointment if such action would be in the interest of the good administration of the Organization and is not contested by the staff member concerned.

(c) In the case of a staff member with a fixed-term appointment which has been confirmed following completion of an initial period of probationary service, the Director-General may terminate the fixed-term appointment prior to its expiration date for any of the reasons specified in paragraphs (a) and (b) above or for such other reason as may be specified in the letter of appointment.

(d) In the case of all other staff, including staff serving a period of probationary service under a fixed-term appointment, the Director-General may, at any time, terminate the appointment if, in his or her opinion, such action would be in the interest of the Organization.

10.4 The Director-General shall establish a joint body with staff participation to advise him or her on any proposed termination of an appointment under regulation 10.3(a) or (c) if it is based on the ground of unsatisfactory services. No termination shall take place in such cases until the matter has been considered and reported on by the joint body.

10.5 A staff member absent from duty without satisfactory explanation for more than 15 working days shall be considered to have abandoned his or her post and the staff member shall be separated from service without indemnity provided that the Organization shall make every reasonable attempt to locate such a staff member prior to his or her separation from service. The Director-General may, however, withhold the separation action if he or she is satisfied that the absence is due to circumstances beyond the staff member's control.

10.6 (a) If the Director-General terminates an appointment, the staff member shall be given such notice and such indemnity payment as may be applicable under the Staff Regulations and Staff Rules. Payments of termination indemnity shall be made by the Director-General in accordance with the rates and conditions set out in schedule IV of the present regulations.

(b) The Director-General may, where the circumstances warrant and he or she considers it justified, pay to a staff member whose permanent appointment is terminated under regulation 10.3(b) a termination indemnity not more than 50 per cent higher than that which would otherwise be payable under the Staff Regulations and Staff Rules.

[10.7 A staff member holding a fixed-term appointment whose appointment is not renewed after he or she has completed ten years or more of continuous satisfactory service, including any previous service under the United Nations appointments, may be paid a grant based on the years of continuous service unless the staff member, having been offered a renewal of his or her appointment, declined the offer. The amount of the grant shall be fixed at the rate for termination of fixed-term appointments specified in schedule IV of the present regulations, provided that in no case shall the number of months of the grant payable to a staff member exceed the number of months of potential service remaining to him or her up to the normal age of retirement.]

10.8 The Director-General shall establish a scheme for the payment of repatriation grants payable to staff members whom the Organization is obligated to repatriate in accordance with the rates and conditions set out in schedule V of the present regulations.

Article XI

DISCIPLINARY MEASURES

11.1 The Director-General may establish administrative machinery with staff participation which will be available to advise him or her in disciplinary cases.

11.2 The Director-General may take disciplinary measures on staff members who do not meet the highest standards of integrity required by Article 11.5 of the Constitution or whose conduct is otherwise unsatisfactory. He may summarily dismiss a staff member for such lack of integrity or other serious misconduct.

Article XII

APPEALS

12.1 The Director-General shall establish administrative machinery with staff participation to advise him or her in case of any appeal by staff against an administrative decision alleging the non-observance of their terms of appointment, including all pertinent regulations and rules, or against disciplinary action.

12.2 (a) The Administrative Tribunal of the International Labour Organisation shall, under conditions prescribed in its statute (except for cases dealt with by the United Nations Administrative Tribunal under paragraph 12.2(b) below), hear and pass judgement upon applications from staff members alleging non-observance of their terms of appointment, including all pertinent regulations and rules.

(b) The United Nations Administrative Tribunal shall, under conditions prescribed in its statute, hear and pass judgement upon

applications from staff alleging non-observance of the Regulations and Rules of the United Nations Joint Staff Pension Fund.

Article XIII

GENERAL PROVISIONS

13.1 The present regulations may be amended by the General Conference upon recommendation of the Industrial Development Board, without prejudice to the acquired rights of the staff.

13.2 The present regulations, except regulation 13.4, also may be provisionally amended by the Industrial Development Board, without prejudice to the acquired rights of the staff. Where such amendments have financial implications, they shall be within the budgetary level approved by the General Conference. The full text of such provisional amendments shall be reported to the General Conference at its next regular session for final approval. Should the General Conference decide not to give its final approval, the provisional amendment shall no longer be applicable.

13.3 The Director-General is authorized, within the budgetary level approved by the General Conference, to make appropriate amendments to the following schedules and annexes so as to bring them into conformity with any relevant decisions that may be taken by the General Assembly of the United Nations on recommendation of the International Civil Service Commission:

Schedule I	Salary scales for Professional and higher categories
Schedule II	Post adjustments
Schedule III	Staff assessment rates
Schedule IV	Termination indemnity
Schedule V	Repatriation grant
Annex I	Rates of dependency allowances for staff in the Professional and higher categories
Annex II	Amounts of education grant and special education grant

The Director-General shall report annually on such amendments to the Industrial Development Board.

[13.4 The Director-General shall report annually to the Industrial Development Board such staff rules and amendments thereto as he or she may make to implement the present regulations.]

13.5 The present regulations shall take effect as of 1 July 1988. Nothing in these regulations shall affect the acquired rights of staff under their appointments previously governed by the staff regulations and rules of the United Nations.

SCHEDULE I

SALARY SCALES FOR THE PROFESSIONAL AND HIGHER CATEGORIES SHOWING
ANNUAL GROSS SALARIES AND THE NET EQUIVALENTS AFTER
APPLICATION OF STAFF ASSESSMENT

(United States dollars)

(Effective 1 April 1987)

Level	Steps											
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Deputy Director-General												
DDG GROSS	85 609											
NET D	59 203											
NET S	53 867											
Director												
D-2 GROSS	69 093	70 819	72 561	74 336								
NET D	49 406	50 441	51 487	52 552								
NET S	45 376	46 297	47 228	48 175								
Principal Officer												
D-1 GROSS	59 373	60 972	62 551	64 140	65 739	67 340	68 895					
NET D	43 461	44 453	45 432	46 417	47 393	48 354	49 287					
NET S	40 039	40 934	41 819	42 708	43 585	44 440	45 270					
Senior Officer												
P-5 GROSS	52 718	54 003	55 261	56 511	57 778	59 023	60 276	61 521	62 775	64 016		
NET D	39 290	40 112	40 912	41 687	42 472	43 244	44 021	44 793	45 571	46 340		
NET S	36 282	37 019	37 736	38 436	39 146	39 843	40 545	41 242	41 944	42 639		
First Officer												
P-4 GROSS	42 356	43 575	44 795	46 038	47 313	48 518	49 718	50 918	52 178	53 455	54 686	55 901
NET D	32 605	33 409	34 215	35 014	35 830	36 602	37 369	38 137	38 944	39 761	40 549	41 308
NET S	30 282	31 009	31 738	32 455	33 185	33 876	34 563	35 251	35 973	36 705	37 410	38 095
Second Officer												
P-3 GROSS	34 329	35 480	36 625	37 736	38 877	40 040	41 202	42 340	43 377	44 398	45 448	46 500
NET D	27 294	28 067	28 822	29 556	30 309	31 077	31 843	32 594	33 279	33 953	34 637	35 310
NET S	25 475	26 177	26 860	27 523	28 205	28 899	29 593	30 272	30 891	31 501	32 117	32 719
Associate Officer												
P-2 GROSS	27 608	28 533	29 451	30 382	31 337	32 284	33 239	34 181	35 136	36 117	37 082	
NET D	22 675	23 323	23 965	24 610	25 259	25 903	26 553	27 193	27 840	28 487	29 124	
NET S	21 259	21 853	22 443	23 031	23 623	24 209	24 800	25 383	25 971	26 557	27 133	
Assistant Officer												
P-1 GROSS	20 953	21 816	22 690	23 542	24 408	25 282	26 192	27 056	27 905	28 725		
NET D	17 936	18 557	19 187	19 800	20 424	21 047	21 684	22 289	22 863	23 458		
NET S	16 906	17 477	18 056	18 620	19 193	19 766	20 350	20 905	21 450	21 976		

D - Rate applicable to staff members with a dependent spouse or child.
S - Rate applicable to staff members with no dependent spouse or child.

SCHEDULE II
POST ADJUSTMENTS (AMOUNT PER INDEX POINT IN UNITED STATES DOLLARS)
(i) Additions (where cost of living is higher than at the base)

Level	Steps										
	I	II	III	IV	V	VI	VII	VIII	IX	A	ALL
Deputy Director-General											
DDG D	488.36										
S	444.33										
Director											
D-2 D	406.81	415.70	424.52	433.32							
S	373.72	381.57	389.35	397.08							
Principal Officer											
D-1 D	370.99	377.17	382.93	389.09	394.90	401.21	407.19				
S	341.81	347.33	352.49	358.00	363.18	368.83	374.11				
Senior Officer											
P-5 D	341.73	346.73	351.46	356.29	361.88	366.33	371.99	377.26	382.46	387.31	
S	315.57	320.03	324.25	328.56	333.57	337.54	342.63	347.36	352.04	356.37	
First Officer											
P-4 D	286.82	293.19	299.60	305.57	312.76	318.02	323.30	328.59	334.12	341.35	354.70
S	266.32	272.06	277.82	283.16	289.64	294.33	299.02	303.72	308.63	315.14	327.16
Second Officer											
P-3 D	240.91	247.85	253.97	259.78	266.34	272.91	279.83	286.44	291.98	297.15	313.84
S	224.85	231.13	236.65	241.88	247.81	253.74	259.99	265.97	270.97	275.61	290.59
Associate Officer											
P-2 D	200.14	206.22	211.49	217.22	222.87	228.58	234.27	239.57	245.26	250.96	266.25
S	187.66	193.23	198.04	203.28	208.42	213.62	218.80	223.61	228.78	233.93	250.70
Assistant Officer											
P-1 D	159.75	165.14	170.46	175.84	181.21	186.56	192.30	196.90	201.93	206.99	
S	150.53	155.50	160.41	165.37	170.31	175.22	180.51	184.70	189.29	193.92	

D-Rate applicable to staff members with a dependent spouse or child.
S-Rate applicable to staff members with no dependent spouse or child.

(ii) Deductions (where cost of living is lower than at the base)

Level	Steps											
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Deputy Director-General												
DDG D	473.62											
S	430.92											
Director												
D-2 D	394.53	403.10	411.66	420.29								
S	362.44	370.01	377.55	385.14								
Principal Officer												
D-1 D	347.50	355.36	363.18	371.04	378.85	386.42	393.75					
S	320.16	327.25	334.31	341.39	348.42	355.23	361.76					
Senior Officer												
P-5 D	314.23	320.78	327.13	333.25	339.55	345.56	351.81	357.97	364.17	370.28		
S	290.18	296.08	301.80	307.32	312.99	318.41	324.05	329.60	335.20	340.70		
First Officer												
P-4 D	260.83	267.27	273.71	280.11	286.64	292.71	298.73	304.75	311.07	317.64	324.12	330.31
S	242.19	248.01	253.81	259.57	265.45	270.90	276.29	281.68	287.34	293.25	299.09	304.66
Second Officer												
P-3 D	218.35	224.53	230.57	236.44	242.46	248.60	254.74	260.75	266.42	271.62	277.09	282.47
S	203.79	209.38	214.85	220.15	225.58	231.14	236.68	242.12	247.06	251.92	256.85	261.69
Associate Officer												
P-2 D	181.20	186.58	191.71	196.87	202.07	207.21	212.42	217.54	222.71	227.89	232.99	
S	169.90	174.83	179.52	184.24	188.97	193.65	198.39	203.05	207.74	212.42	217.03	
Assistant Officer												
P-1 D	143.42	148.37	153.37	158.35	163.31	168.26	173.37	178.09	182.92	187.65		
S	135.14	139.71	144.32	148.91	153.48	158.04	162.73	167.05	171.48	175.80		

D-Rate applicable to staff members with a dependent spouse or child
S-Rate applicable to staff members with no dependent spouse or child

SCHEDULE III

STAFF ASSESSMENT

Regulation 6.8 (a)

(i) The assessment shall be calculated at the following rates for staff whose salary rates are set forth in regulation 6.1 of the present regulations:

<u>Total assessable payments</u> (US dollars)	<u>Assessment</u> (per cent)	
	<u>Staff member with a dependent spouse or a dependent child</u>	<u>Staff member with neither a dependent spouse nor a dependent child</u>
First \$15,000 per year.....	10.0	14.0
Next \$ 5,000 per year.....	25.0	32.5
Next \$ 5,000 per year.....	28.0	33.8
Next \$ 5,000 per year.....	30.0	35.8
Next \$ 5,000 per year.....	32.0	38.1
Next \$10,000 per year.....	34.0	40.3
Next \$10,000 per year.....	36.0	42.7
Next \$10,000 per year.....	38.0	44.0
Next \$15,000 per year.....	40.0	46.6
Next \$20,000 per year.....	42.0	52.1
Remaining assessable payments..	44.0	53.5

(ii) The assessment shall be calculated at the following rates for staff whose salary rates are established under regulation 6.5 (a) of the present regulations:

<u>Total assessable payments</u> (US dollars)	<u>Assessment</u> (per cent)
First \$2,000 per year.....	11
Next \$2,000 per year.....	14
Next \$2,000 per year.....	17
Next \$2,000 per year.....	20
Next \$4,000 per year.....	22
Next \$4,000 per year.....	24
Next \$4,000 per year.....	26
Next \$6,000 per year.....	28
Next \$6,000 per year.....	30
Next \$6,000 per year.....	32
Next \$6,000 per year.....	34
Remaining assessable payments.....	36

(iii) The Director-General shall determine which of the scales of assessment set out in (i) and (ii) above shall apply to staff whose salary rates are established under regulation 6.4 or 6.6 of the present regulations.

SCHEDULE IV
TERMINATION INDEMNITY

Staff members whose appointments are terminated shall be paid an indemnity in accordance with the following provisions:

(a) Except as provided in paragraphs (b), (c) and (e) below and in regulation 10.6 (b), the termination indemnity shall be paid in accordance with the following schedule:

Months of gross salary, adjusted by movements of the weighted average of post adjustments, less staff assessment, where applicable <u>a/</u> or Months of pensionable remuneration less staff assessment, where applicable <u>b/</u>		
Completed years of service	Permanent appointments	Fixed-term appointments
Less than 1.....	Not applicable	
1.....	Not applicable) One week for each month of uncompleted service subject to a maximum of three months indemnity pay
2.....	3	
3.....	3	
4.....	4	
5.....	5	
6.....	6	3
7.....	7	5
8.....	8	7
9.....	9	9
10.....	9.5	9.5
11.....	10	10
12.....	10.5	10.5
13.....	11	11
14.....	11.5	11.5
15 or more.....	12	12

a/ For staff in the Professional and higher categories.

b/ For staff in the General Service and related categories.

(b) A staff member whose appointment is terminated for reasons of health shall receive an indemnity equal to the indemnity provided under paragraph (a) above reduced by the amount of any disability benefit that the staff member may receive under the Regulations and Rules of the United Nations Joint Staff Pension Fund for the number of months to which the indemnity rate corresponds.

(c) A staff member whose appointment is terminated for unsatisfactory services or who for disciplinary reasons is dismissed for misconduct other than by summary dismissal may be paid, at the discretion of the Director-General, an indemnity not exceeding one half of the indemnity provided under paragraph (a) above.

(d) No indemnity payments shall be made to:

A staff member who resigns, except where termination notice has been given and the termination date agreed upon.

A staff member who has a fixed term which is completed on the expiration date specified in the letter of appointment.

A staff member who is summarily dismissed.

A staff member who abandons his or her post.

A staff member who is retired under the Regulations of the United Nations Joint Staff Pension Fund.

(e) Staff members specifically engaged for conference and other short-term service may be paid termination indemnity if and as provided in their letters of appointment.

SCHEDULE V

REPATRIATION GRANT

In principle, the repatriation grant shall be payable to staff members whom the Organization is obligated to repatriate. The repatriation grant shall not, however, be paid to a staff member who is summarily dismissed. Staff members shall be entitled to a repatriation grant only upon relocation outside the country of the duty station. Detailed conditions and definitions relating to eligibility and requisite evidence of relocation shall be determined by the Director-General. The amount of the grant shall be proportioned to the length of service with the Organization (including any previous qualifying service with the United Nations) as follows:

		Staff member with neither a spouse nor a dependent child at time of separation	
Years of continuous service away from home country	Staff member with a spouse or dependent child at time of separation	Professional and higher categories	General Service category
<hr/>			
	Weeks of gross salary, adjusted by movements of the weighted average of post adjustment, less staff assessment, where applicable <u>a/</u> or		
	Weeks of pensionable remuneration less staff assessment, applicable <u>b/</u>		
<hr/>			
1.....	4	3	2
2.....	8	5	4
3.....	10	6	5
4.....	12	7	6
5.....	14	8	7
6.....	16	9	8
7.....	18	10	9
8.....	20	11	10
9.....	22	13	11
10.....	24	14	12
11.....	26	15	13
12 or more....	28	16	14

a/ For staff in the Professional and higher categories.

b/ For staff in the General Service category.

ANNEX I

DEPENDENCY ALLOWANCES

Regulation 6.9 (a)

A. Staff members whose salary rates are set forth in schedule I of the present regulations shall be entitled to receive dependency allowances as follows:

(i) At \$700 per year for each dependent child, except that the allowance shall not be paid in respect of the first dependent child if the staff member has no dependent spouse, in which case the staff member shall be entitled to the dependency rate of staff assessment under subparagraph (i), regulation 6.8 (a), schedule III;

(ii) Where there is no dependent spouse, a single annual allowance of \$300 per year for either a dependent parent, a dependent brother or a dependent sister. The amount of either of these allowances payable in local currency shall not be less than the local currency equivalent of the dollar amount at the time it was established or last revised;

B. If both husband and wife are staff members, one may claim, for dependent children, under (i) above, in which case the other may claim only under (ii) above, if otherwise entitled;

C. With a view to avoiding duplication of benefits and in order to achieve equality between staff members who receive dependency benefits under applicable laws in the form of governmental grants and staff members who do not receive such dependency benefits, the Director-General shall prescribe conditions under which the dependency allowance for a child specified in (A) (i) above shall be payable only to the extent that the dependency benefits enjoyed by the staff member or his or her spouse under applicable laws amount to less than such a dependency allowance;

D. Staff members whose salary rates are set by the Director-General under regulations 6.5 (a) and 6.6 shall be entitled to receive dependency allowances at rates and under conditions determined by the Director-General, due regard being given to the circumstances in the locality in which the office is located;

E. Claims for dependency allowances shall be submitted in writing and supported by evidence satisfactory to the Director-General. A separate claim for dependency allowances shall be made each year.

ANNEX II

EDUCATION GRANT

Regulation 6.10 (a) The amount of the grant for each child per scholastic year shall be 75 per cent of the first \$6,000 of admissible educational expenses, up to a maximum grant of \$4,500.

Regulation 6.10 (b) The amount of the grant for each disabled child per year shall be the equivalent of the educational expenses actually incurred, up to a maximum of \$6,000.

GC.2/Dec.30 UNITED NATIONS JOINT STAFF PENSION FUND

The General Conference:

(a) Decided to elect the following two members and two alternate members of the UNIDO Staff Pension Committee for the biennium 1988-1989:

Members: Mr. Ahmad Malayeri (Iran, Islamic Republic of)
Ms. Martha Norma Oliveros (Argentina)

Alternate Members: Mr. Jesper Knudsen (Denmark)
Mr. Endre Zádor (Hungary);

(b) Authorized the Industrial Development Board to proceed with the election for any of the above-mentioned posts which might become vacant before the General Conference holds its third session.

9th plenary meeting
12 November 1987

GC.2/Dec.31 MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS

The Conference took note of the information provided by the Director-General in document GC.2/24 on matters related to intergovernmental, non-governmental and other organizations.

8th plenary meeting
12 November 1987

GC.2/Dec.32 HEADQUARTERS AGREEMENT BETWEEN UNIDO AND THE REPUBLIC OF AUSTRIA

The Conference took note of the information provided by the Director-General in document GC.2/25 on headquarters agreement between UNIDO and the Republic of Austria.

8th plenary meeting
12 November 1987

GC.2/Dec.33 EMBLEM AND SEAL OF UNIDO

The General Conference, in the light of the financial constraints of the Organization, decided to review its decision GC.1/Dec.43 of 13 December 1965, and instead:

(a) Requested the Director-General to arrange without delay a competition, at no cost for the Organization, for the most appropriate design to be used for the official emblem and seal of UNIDO;

(b) Requested the Director-General to submit a report on the results of the competition to the Industrial Development Board at its fourth session;

(c) Authorized the Board to select the design to be used in the future for the official emblem and seal of UNIDO;

(d) Decided further that the design should be based on the official emblem of the United Nations but be adequately differentiated from it;

(e) Decided further that until the adoption of a definitive emblem an interim emblem should be used by UNIDO consisting of the United Nations emblem with the acronym UNIDO placed across it.

9th plenary meeting
12 November 1987

GC.2/Dec.34 DATE AND PLACE OF THE THIRD REGULAR SESSION OF THE GENERAL CONFERENCE

The Conference decided that its third regular session should be held at the seat of the Organization from 20 to 24 November 1989.

10th plenary meeting
13 November 1987

RESOLUTIONS

GC.2/Res.1 STRENGTHENING OF ECONOMIC AND TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES

The General Conference,

Emphasizing the increasing relevance of economic and technical co-operation among developing countries as an instrument for promoting the rational and efficient use of human, material, financial and technological resources available in the developing countries for their individual and collective welfare, with a view to strengthening their self-reliance,

Emphasizing further that in the present international economic situation, economic and technical co-operation among developing countries acquires even greater importance and supplements the North-South co-operation,

Recalling the relevant provisions of the Programme of Action on the Establishment of a New International Economic Order, 1/ the Lima Declaration and Plan of Action on Industrial Development and Co-operation, 2/ the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries, 3/ the New Delhi Declaration and Plan of Action on Industrialization of Developing Countries and International Co-operation for Their Industrial Development, 4/ the Caracas Programme of Action adopted by the High-Level Conference on Economic Co-operation among Developing Countries, held at Caracas in May 1981; 5/ the International Development Strategy for the Third United Nations Development Decade, 6/ resolution 7, adopted by consensus at the Fourth General Conference of UNIDO, on strengthening economic co-operation among developing countries, 7/ the Cairo Declaration on Economic Co-operation among Developing Countries, adopted at the High-Level Meeting of the Member Countries of the Group of 77, held at Cairo in August 1986, 8/ and the Havana Declaration adopted at the Ministerial Meeting of the Group of 77 preparatory to the seventh session of the United Nations Conference on Trade and Development, held at Havana in April 1987, 9/

Recognizing the importance of promoting initiatives in order to strengthen co-operation among developing countries, such as the establishment of the "Manuel Pérez Guerrero" Trust Fund for South-South Co-operation, set up under the Caracas Programme of Action;

1/ United Nations General Assembly resolution 3202 (S-VI).

2/ ID/CONF.3/31, chap. IV.

3/ Report of the United Nations Conference on Technical Co-operation among Developing Countries, Buenos Aires, 30 August to 12 September 1978 (United Nations publication, Sales No. E.78.II.A.11 and corrigendum), chap. I.

4/ ID/CONF.4/22 and Corr.1, chap. VI.

5/ A/36/333 and Corr.1.

6/ United Nations General Assembly resolution 35/56, annex.

7/ ID/CONF.5/46, chap. II.B.

8/ A/41/609, annex.

9/ TD/335.

1. Reiterates the high priority that should be accorded to economic and technical co-operation among developing countries in the activities and programmes of UNIDO;

2. Reiterates further the need to intensify the activities of UNIDO for the promotion of industrial co-operation among developing countries through greater support for the co-operation efforts undertaken by the developing countries at subregional, regional and interregional level;

3. Emphasizes the necessity to strengthen the programmes for co-operation among developing countries in the areas listed in paragraphs 4 and 5 of resolution 7 of the Fourth General Conference of UNIDO, with special stress on the sectors relating to the development and transfer of technology, development and training of human resources and the mobilization of financial resources for promoting the industrial growth of the developing countries;

4. Requests that UNIDO assist developing countries, at their request, in establishing and strengthening their capacity to identify sectoral priorities, including inter-sectoral integration, with a view to promoting technical and economic co-operation among developing countries;

5. Recommends that UNIDO strengthen the exchange of information among developing countries on their need for and offer of economic and technical co-operation with a view to intensifying their mutual co-operation in the industrial sphere;

6. Invites the developed countries to undertake measures in support of economic and technical co-operation among developing countries through, inter alia, increased voluntary contributions to the Industrial Development Fund;

7. Requests the Director-General to submit to the General Conference at its third session, through the Industrial Development Board, a report on the activities carried out by UNIDO in pursuit of the present resolution.

8th plenary meeting
12 November 1987

GC.2/Res.2 THE INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA, INCLUDING THE CONTRIBUTION OF UNIDO TO THE RESTRUCTURING AND REHABILITATION OF AFRICAN INDUSTRY, AS WELL AS THE NEGOTIATION OF NEW INDUSTRIAL PROJECTS

The General Conference,

Recalling resolution 8 adopted by the Fourth General Conference of UNIDO, 10/

Taking note of decisions IDB.4/Dec.11, IDB.2/Dec.18 (paragraph (d)) and IDB.3/Dec.3 adopted by the Industrial Development Board at its second and third sessions, as well as resolution 1987/70 of the United Nations Economic and Social Council on the Industrial Development Decade for Africa (IDDA),

Taking note also of the report of the UNIDO Secretariat on the implementation of the IDDA programme, 11/

10/ ID/CONF.5/46, chap. II.B.

11/ GC.2/17.

Emphasizing the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, 12/ adopted by consensus by the United Nations General Assembly at its thirteenth special session,

Further taking note of the African Memorandum on Industrial Development in Africa adopted by the special meeting of the Conference of African Ministers of Industry held at Addis Ababa in October 1987, 13/

1. Reaffirms the priority attached to IDDA and the importance of international co-operation in achieving the objectives of the IDDA programme of UNIDO 14/ and Africa's Priority Programme for Economic Recovery 1986-1990; 15/

2. Expresses its deep concern at the persistence of constraints that hinder the full implementation of the IDDA programme;

3. Reaffirms the need for the full implementation of the IDDA programme for the remaining period of the Decade;

4. Welcomes the pledges made for voluntary contributions by Member States as a complement to the financing of the IDDA programme from the regular budget of UNIDO and urges all Member States in a position to do so to contribute generously to the special account established for that purpose within the Industrial Development Fund;

5. Reiterates the call as contained in resolution 1987/70 of the Economic and Social Council, for an independent mid-term evaluation of the implementation of the IDDA programme as proposed at the Sixth Conference of African Ministers of Industry in resolution I(VI) and the invitation for the United Nations Development Programme to consider financing that evaluation;

6. Recalls the recommendation by the Economic and Social Council for the consideration of the proclamation of a second Industrial Development Decade for Africa in accordance with its resolution 1987/70;

7. Agrees that adequate resources should be provided for IDDA in the 1988-1989 programme budget of UNIDO and that the budget amount should not be less than \$8.6 million, as recommended by the Industrial Development Board;

8. Requests the Director-General, in co-operation with the Economic Commission for Africa and the Organization of African Unity and other intergovernmental organizations, to assist African countries in identifying and executing those national and subregional projects, as well as activities, that are consistent with the industrial orientations outlined in the African Memorandum.

8th plenary meeting
12 November 1987

12/ United Nations General Assembly resolution S-13/2.

13/ SP/CONF/MIN/IND.87 (OAU); see also annex to resolution GC.2/Res.3.

14/ ID/287.

15/ A/40/666, annex I, declaration AHG/Decl.1(XXI).

GC.2/Res.3 AFRICAN MEMORANDUM ON INDUSTRIAL DEVELOPMENT IN AFRICA

The General Conference,

Recalling that the special meeting of the Conference of African Ministers of Industry held at Addis Ababa in October 1987 adopted the African Memorandum on Industrial Development in Africa, 16/

Noting with concern the deepening adverse impact on African economies of the world economic difficulties,

Concerned about the difficult situation confronting African industry, which is far from achieving the objectives of the Lima Declaration and Plan of Action on Industrial Development and Co-operation, 17/

Anxious to ensure an accelerated implementation of the programme for the Industrial Development Decade for Africa,

Takes note with interest of the African Memorandum on Industrial Development in Africa, the text of which is annexed to the present resolution.

8th plenary meeting
12 November 1987

Annex

AFRICAN MEMORANDUM

FOR THE SECOND SESSION OF THE
GENERAL CONFERENCE OF UNIDO
ON INDUSTRIAL DEVELOPMENT
IN AFRICA

Adopted by the Special Meeting of the Conference of African Ministers of Industry Preparatory to the Second Regular Session of the General Conference of UNIDO

Addis Ababa, Ethiopia, 16-17 October 1987

PREAMBLE

1. We the African Ministers of Industry convening in Addis Ababa, Ethiopia from 16 to 17 October 1987 for a special meeting of the Conference of African Ministers of Industry Preparatory to the Second Regular Session of the General Conference of the United Nations Industrial Development Organization (UNIDO), after a general review of the economic and social conditions in Africa, have particularly focused on the past and present state of the industrial sector. We have noted, with grave concern, the persistence of the world economic crisis and its adverse impact on the economic development programmes of the developing countries in general and African countries in particular. This unfavourable international economic environment adversely affects Africa's industrialization prospects.

2. We are particularly concerned about recent developments in the industrial sectors in African countries and we reaffirm the need for significant

16/ SP/CONF/MIN/IND.87 (OAU).

17/ ID/CONF.3/31, chap. IV.

international measures in achieving the Lima objectives whose attainment would be doubtful, if the present trend continues.

3. We are convinced that because of the intricate nature, in terms of the diversity, magnitude and depth, of the problems facing African industries, piece-meal solutions will not enable Africa to overcome the fundamental structural bottlenecks to the development of a viable industrial sector. Consequently, what is required is a comprehensive and integrated approach for bringing about a self-reliant and self-sustaining industrialization process in Africa, as called for in the Lagos Plan of Action and the Programme for the Industrial Development Decade for Africa. The need of such comprehensive and integrated approach is even more pressing as the role of the industrial sector is of paramount importance for the recovery and long-term development of the agricultural sector which is accorded top-most priority in both the African Priority Programme for Economic Recovery 1986-1990 (APPER) and the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (UN-PAAERD).

4. We further reaffirm the importance we attach to multilateral co-operation and deplore the recent decline of multilateralism in favour of selective bilateralism. The revival of multilateral co-operation is indispensable for a qualitative transformation of international co-operation for development.

5. We are grateful to ECA, UNIDO and OAU for the efforts they have exerted for the industrial development of Africa within the context of the Industrial Development Decade for Africa. We welcome the holding of the second regular session of the General Conference of UNIDO, which is the first occasion, since the Organization became a specialized agency, to deal with substantive world industrial issues. We are particularly hopeful that the General Conference will critically review the industrial state of developing countries, especially those in Africa (which is the least industrialized continent) and come up with concrete measures to ensure a new world industrial order more beneficial to developing countries.

I. OVERVIEW OF AFRICA'S INDUSTRIALIZATION PROCESS AND INDUSTRIAL PERFORMANCE

A. Industrial policies and strategies

6. It is well appreciated that the industrial sector is the engine for dynamic economic development and improving the standard of living of the population. The strategies and policies in the 1960s and 1970s of the majority of African countries placed great emphasis, *inter alia*, on import substitution. The overall review of African economic conditions revealed that the past policies, as well as other factors, had, in the main, failed to ensure the attainment of the desired socio-economic targets. As a result, the Industrial Development Decade for Africa was adopted and a programme for the Decade with set qualitative and quantitative targets as well as indicative time frame and required domestic and international resources for effective implementation was designed and agreed to.

7. Faced with a variety of constraints and scarcity of resources for the implementation of the industrialization process which were compounded by domestic structural rigidities and rapidly shifting patterns of international economic relationships, African Governments at the national and subregional levels adopted measures to continuously review and adjust their industrialization policies and strategies

to prevailing economic needs and priorities. In recent programmes such as APPER and UNPAAERD which further reaffirmed the objectives and spirit of the programme for the Decade, emphasis is placed on programme approach covering restructure and policy reforms; integrated planning of physical human resources, energy and technology; and promotion of investments in key subsectors, infrastructure and skills development.

8. The implementation of the above policies and strategies has necessitated tremendous efforts in all respects including large public investments, resulting in most cases in external borrowing. African Governments have also endeavoured to build up the necessary infrastructure needed for industrial development. However, adequate emphasis was not put on the development of some other important components such as the development of manpower and technological capabilities, raw materials planning, spare parts manufacturing and maintenance facilities.

9. Also, African countries have endeavoured to strengthen intra-African co-operation in the establishment of African multinational enterprises and in manpower development. Efforts have also been directed to increasing bilateral co-operation in such areas as harmonization of industrial policies and programmes.

B. Overall performance

10. Since the launching of the Industrial Development Decade for Africa, the constraints outlined above have negatively affected the performance of the industrial sector. The average annual growth rate of the sector was about 3.4 per cent for the region as a whole only due to injection of substantial financial resources in 1980-1985. However, there were large disparities among subregions and income group countries. The performance of the sector in least developed countries was particularly dismal with only 1.4 per cent average annual growth rate during the period. The share of the manufacturing sector in total GDP has remained almost unchanged during the period, while industrial employment has remained low.

11. The performance of the industrial sector was also reflected in widespread low capacity utilization and the closing down of ailing industries. This has been compounded by the escalating economic crisis which culminated in the period 1982-1985.

C. Constraints on industrial development in Africa

Constraints in the implementation of the Industrial Development Decade for Africa

12. The Programme for the Industrial Development Decade for Africa, which has raised great hopes because of the emphasis put on the integrated development of resource-based and engineering core industries as well as indigenous managerial and technical capabilities, has fallen short of Africa's expectations. The constraints encountered are both internal and external. The internal constraints included the following:

- (1) Persistence of inadequate industrial policies, planning and institutional infrastructure: This is evident in several African countries from the lack of well-articulated and coherent industrial planning that: (a) integrates manpower and technological requirements; (b) ensures the availability of financial resources within a well-defined time frame and (c) is harmonized at subregional and regional levels with the industrial development plans of neighbouring countries.

- (ii) Limited financial resources: for various reasons, domestic resources in Africa have fallen far short of expectation. The meagre resources available to most African countries originally meant for development programmes such as the Decade have had to be diverted to emergency measures for economic survival.
- (iii) Weakness of institutional infrastructures.
- (iv) Inadequate industrial manpower: the achievement of the strategy for self-reliant and self-sustaining industrial development enunciated in the programme for the Decade depends, to a large extent, on the development of the requisite industrial capabilities. Even now there is still a gap in the number and types of industrial skills required.
- (v) Deficiencies in multinational subregional and regional industrial co-operation.
- (vi) Low technological negotiating capability and inadequate industrial and technological information.

13. The major external constraint on the achievement of the objectives of the Decade at all levels is the diminishing flow of financial resources. The main contributing factors include (a) the collapse of prices in African exported commodities, goods and services, (b) failure to transfer technology freely, (c) protectionism, (d) general decline in flow of investment and technical assistance from developed countries and (e) very high cost of borrowing from the capital market with short repayment period. In addition, the resources available to UNIDO and ECA for implementing activities in support of the Decade have declined. These resources are not commensurate with the significance accorded to the industrial sector by African policy-makers in various declarations.

Major operational and financial obstacles

Difficulties in implementing the Industrial Development Decade for Africa

14. Operational factors constraining industrial production include (i) dependence on foreign expertise, (ii) inadequacy of industrial entrepreneurship, (iii) inadequacy of industrial and technological capabilities to perform entrepreneurial and managerial functions, (iv) inadequate professional and skilled manpower to carry out research and development and to operate efficiently industrial plants.

15. In addition to structural rigidities of Africa's manufacturing industries the industrial sector in Africa has also been confronted with inadequate domestic and external financial resources. More often, the public sector which owns most of African industries, was able to meet the cost of initial investment by resorting to external financing often through borrowing. Many of the ailing public manufacturing enterprises not only failed to make profits but also to break even, thus draining national treasuries and reducing their capability to initiate new investments.

16. At the domestic front, it has not been possible to raise enough domestic financial resources to meet the needs of industries. A number of African industries have not been able to generate enough revenues to cover their operating costs. Of more significance has been the serious shortage of foreign exchange with which to finance the cost of imported equipment, spare parts and raw materials.

17. No doubt, industrial debt has contributed, to a great extent, to Africa's total external debt which, in 1987, was estimated at \$US 200 billion. The increasing debt and debt servicing obligations that confront many African countries have further exhausted foreign exchange earnings and externally borrowed funds that are necessary for imports of raw materials and intermediate goods, spare parts and replacement equipment. Because of their reduced capacity to service accumulated external debt obligations which resulted, *inter alia*, in reduced credit worthiness, African countries have increasingly found it difficult to mobilize financial resources from various sources to finance their industrial development.

International environment

18. Over the past years, African countries have been consistently confronted with adverse international trends that have constrained their industrialization. These included the debilitating effects on the region of the international recession, the collapse of world commodity prices, growing protectionism in the industrialized countries and the latter's reluctance to invest in priority industrial sectors in the continent. Other constraining factors included the debt and debt servicing burden referred to above which have been aggravated by the conditions imposed by the creditor countries and institutions. The resource flows for restructuring and rehabilitating existing industries as well as for new investment in industry have been very inadequate.

19. Technical co-operation resources in the field of industry were largely absorbed by foreign experts and only little was left for capital expenditure and for the development of local manpower. The international technological set-up which is mainly controlled by multinational companies impedes a speedy and adequate acquisition and development of technology in Africa.

Continuation of the evil system of apartheid

20. Africa's efforts for economic development in general and industrial development in particular have also been greatly frustrated by the continuation of the evil system of apartheid and the destabilization policy of South Africa towards southern African countries. Large resources were therefore used to counter the above policy while there were pressing needs in the major economic sectors including industry.

II. PROPOSALS FOR A SELF-SUSTAINED INDUSTRIALIZATION PROCESS IN AFRICA

21. In light of the above review, it seems necessary that all efforts should be directed towards restructuring and rehabilitating Africa's manufacturing sector in the context of both the Programme for the Industrial Development Decade for Africa and the United Nations Programme of Action for African Economic Recovery and Development as well as Africa's Priority Programme for Economic Recovery and Development and the special situation of the Namibian people and the southern African liberation movements recognized by the OAU. To step up such efforts due account should be taken of the issues of the development and utilization of human resources and technological capabilities, mobilization of financial resources, the role of UNIDO's System of Consultations in ensuring industrial redeployment to developing countries in general and African countries in particular, and UNIDO's institutional arrangements with respect to Africa.

22. Despite the progress made in implementing the Decade Programme, a number of constraints have hampered the speedy achievement of the basic objectives of the Decade itself. It is our sincere hope that the measures prescribed hereunder would also go a long way towards ensuring an accelerated implementation of the programme for the Decade.

A. Restructuring and rehabilitation of African industry in the context of the Industrial Development Decade for Africa

23. The industrialization process in Africa needs to be more efficient so that the industrial sector would contribute to the enhancement of the standard of living of the African peoples especially the rural population. In this respect, some of the most important measures which member States should endeavour to take in order to ensure a reorientation are given hereunder.

- (i) Give high priority to the rehabilitation and expansion of existing African industries or establishing new ones, for the manufacture of products that are directed towards the satisfaction of basic needs of the majority of the population, including, *inter alia*, food processing and agro-industries, household equipment manufacturing industries, building materials industries, industries for manufacturing low-cost transport equipment, pharmaceutical industries, etc.
- (ii) Accord priority to the rehabilitation or establishment of African industries aimed at increasing agricultural production and productivity especially industries that manufacture fertilizers, pesticides, agricultural implements and machinery, and transport equipment.
- (iii) Ensure greater co-ordination within and among individual African countries in the provision of required raw materials, the acquisition of equipment and the related technology, the manufacturing of spare parts, and the establishment of maintenance facilities.
- (iv) Provide the necessary institutional support services (training credit facilities, technological development centres standardization and quality control programmes, fiscal incentives, etc.) to the promotion of both small-scale and large industries in all subsectors, where possible.
- (v) Promote multinational or subregional industrial enterprises in basic sub-sectors, i.e. chemical, metallurgical and engineering industries so as to take advantage of complementarity in terms of raw materials, financial resources, technological skills as well as market potentials.
- (vi) Strengthen existing regional institutions aimed at promoting industrial development in Africa.

24. Also in this respect, the international community as well as UNIDO and ECA, in collaboration with OAU, should assist African countries in re-examining the Programme of the Industrial Development Decade for Africa with a view to:

- (i) Identifying in individual countries, and at multinational and subregional levels, those projects and activities that are consistent with the new industrial orientation outlined above.

- (ii) Drawing up a comprehensive programme of action for their implementation, including financial resources required.
- (iii) Drawing up an international co-operation framework for the implementation of the Decade Programme especially the role of the international community including financial and technical assistance from bilateral and multilateral donors in support of the activities and projects identified at country, subregional and regional levels.
- (iv) According enhanced attention to women in all technical co-operation and promotion activities with special attention to training small-scale industries and agro-industry activities and at the same time continuing to formulate and implement activities specifically designed to facilitate women's advancement in industry.
- (v) Ensuring that African manufactured goods have access to markets of developed countries.
- (vi) Preparing the launching of a Second Industrial Development Decade for Africa.
- (vii) Inscribing a new and independent programme entitled the IDDA (second phase) in the 1990-1995 medium-term plan of UNIDO.

25. The experience of the 1986-1987 budget as it relates to IDDA has been disappointing, with only \$2.7 million made available out of a total \$8.6 million budgeted amount due to financial difficulties confronting UNIDO. It is therefore necessary that adequate resources be provided for IDDA in the 1988-1989 programme budget of UNIDO. The budget amount should not be less than \$8.6 million as recommended by the Industrial Development Board of UNIDO.

26. UNIDO should give priority to technical co-operation and promotion activities which would assist African countries in restructuring and rehabilitation strategies in line with the above-mentioned measures.

B. Development of human resources and technological capabilities

27. The following main measures for the development of human resources and technological capabilities are essential for the successful implementation of restructuring and rehabilitation and setting up of new African industries. In this regard African countries should:

- (i) Undertake a detailed survey of skill profiles as well as functional requirements of priority industries with a view to identifying manpower needs and to formulating industrial manpower development policies and plans including the participation of African experts in project design, planning, preparation, appraisal, implementation and monitoring.
- (ii) Encourage the development and strengthening of engineering capability with a view to (a) fostering the development of skilled manpower resources necessary for such upstream activities as production of equipment, implementation of projects for productive capacity; (b) ensuring that R and D efforts are translated into engineering capabilities which will provide impetus to the development of technologies and techniques adapted to national, subregional and regional specificities.

- (iii) Reorient national, subregional and regional programmes of development of human resources and technological capabilities, especially in the universities and institutions of higher technical learning, so as to ensure a proper linkage to the priorities of the new industrial orientation.
- (iv) Strengthen or establish national, subregional and regional institutions especially those related to the training of trainers, industrial human resource planning and development, with particular emphasis on research institutions that would facilitate technological innovations and development, on industrial maintenance and on the manufacturing of spare parts.
- (v) Fully utilize the training opportunities currently being provided by the various regional institutions such as the African Regional Centre for Engineering Design and Manufacturing (ARCEDEM), the African Regional Standardization Organization (ARSO), the African Regional Centre for Technology (AKCT), etc. and also to show greater commitments through meeting obligations to these institutions.
- (vi) Promote better utilization of human resources as well as formulating policies that would attract manpower with special skills to remain in Africa.
- (vii) Strengthen bargaining power of African countries.

28. The international community should:

- (i) Provide more opportunities for training in their specialized institutions, including in-plant and on-the-job training and study tours.
- (ii) Encourage companies and institutions to provide internship opportunities to African students studying in their fields of specialization.
- (iii) Assist developing countries and particularly African countries in formulating and executing more coherent human resource planning and programmes focusing on women.
- (iv) Give African countries greater prospects for access to appropriate technical and technological information.

29. UNIDO should give priority to the development of human resources for industrialization in the Medium-Term Plan 1990-1995 and related biennial work programmes and budgets and co-operate closely with other organizations of the United Nations system, in particular ECA, the World Bank, UNDP, UNESCO, WHO and ILO, in undertaking measures with a view to assisting the developing countries especially the African countries in the formulation and implementation of their human resources development policies. In addition, a technical assistance fund for Africa should be established and funded from the regular budget of UNIDO as well as from voluntary contributions.

C. Financing of industrial development in Africa and external debt

30. In view of the shortage of financial resources required for developing priority industry in Africa, it has become indispensable to identify new types of financing, to reorient national financial policies and

to attract and stimulate financial assistance or international community and organs including UNIDO. FAO's financial assistance is also requested particularly to develop agro-industries through its technical co-operation programmes and its investments centre at Rome.

31. It is necessary to pay due attention to the role of the private sector, so that the private sector and the public sector can complement each other, with a view to strengthening industrial activities in the framework of national development programmes. Similarly, efficient public enterprise management systems and organizational restructuring to ensure more effective planning, management, production and marketing capabilities should be adopted.

32. Resource inflows to developing countries and especially African countries have declined steeply since 1982. Commercial bank loans and export credits have diminished sharply. Official development assistance (ODA) flows have stagnated and many donors continue to remain below the ODA target of 0.7 per cent of the gross national products. Foreign direct investment flows continue to decline while multilateral development finance has stagnated. For African countries, net drawings from the International Monetary Fund have dropped drastically, to the extent that IMF is currently a net recipient of resources from Africa. This situation has resulted in shortages of resources for development as a whole. Moreover, it has to be admitted that the terms of the credits granted such as high interest rates, inadequate periods of repayment, high payments have not always corresponded to the requirements of industrialization.

33. The African Governments are required to:

- (i) Improve the efficiency of their industries so that they can generate profits and also develop appropriate and effective mechanisms for the industrialization and utilization of domestic financial resources.
- (ii) Ensure that the disengagement of the public sector in the industrial sector in some African countries does not leave the private sector responsible for industries designated as priority and strategic.

34. In order to supplement Africa's efforts, the international community is urged to:

- (1) Undertake full and speedy implementation of the agreement reached at UNCTAD VII contained in paragraph 44(M) of the Final Act of UNCTAD which is cited hereunder:

"It is recognized that the problems of the poorer countries in sub-Saharan Africa are uniquely difficult and need special treatment. It is also recognized that, in dealing with Africa's external indebtedness, the magnitude and the servicing of its debt constitute a severe and continuing burden which restricts its economic recovery and long-term development; the international community, particularly the donor developed countries, reaffirms its agreement to adopt concrete measures, and the importance of increasing urgently official development assistance to Africa in accordance with the provisions of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990".

- (ii) Extend soft financing available to other sectors to the industrial sector.

- (iii) Improve market access of Africa's industrial products to developed countries with a view to increasing foreign exchange earnings.
- (iv) Contribute to the expansion and development of intra-African trade in industrial products by providing credit financing for purchasing of products originating from African sources.
- (v) Provide support to national and subregional African financial institutions including development banks in their programmes for industrial financing in the region, and particularly to the African Industrial Development Fund located in ADB.
- (vi) Take into account the impact of debt servicing on the prospects of industrial development in Africa. In searching for a solution to Africa's indebtedness account should be taken of the impact of debt servicing on the prospects for industrial development in Africa. Such a solution should be taken bearing in mind the following:
 - Preservation of social economic stability and the continuity of development programmes of indebted countries.
 - Full implementation of the commitments made by the international community within the framework of the United Nations Programme of Action for African Economic Recovery and Development (UN-PAAERD).
 - Full implementation of relevant UNCTAD resolutions on the indebtedness of least developed countries.
- (vii) Ensure that external financial resources for industrial development in Africa are primarily directed to the priorities of the new industrial orientation in Africa including the human resources development component, and are supportive of the efforts of African countries directed at internalizing the industrialization process.
- (viii) Endeavour to provide in future on specific terms soft loans to African countries including those loans directed to industrial development.
- (ix) Facilitate repayments of loans and credits especially through buy-back arrangements.
- (x) Provide financial grants for the development of infrastructures (utilities and transport) crucial to the success of specific projects.
- (xi) Intensify activities for co-operation with regional organizations and with international financial institutions, in particular the World Bank, the International Finance Corporation and regional development banks, in the pursuit of, inter alia, the mobilization of financial resources for industrial development.
- (xii) Eliminate the systems of subsidies granted to the manufactures of the European Economic Community exported to Africa.
- (xiii) Arrange more interregional meetings.

D. System of Consultations

35. UNIDO's System of Consultations needs to be more action-oriented in order to increase its capability to contribute effectively to Africa's industrialization efforts. In this regard, the consultations should, inter alia:

- (i) Ensure that a greater proportion of experts and consultants come from developing countries, and as much as possible from African countries when such consultations concern Africa.
- (ii) Make the themes of the consultations more relevant to developing countries' priorities and where appropriate to Africa's industrial priorities with a view to ensuring that the System serves as a follow-up mechanism for the implementation of the IDDA.
- (iii) Give greater emphasis to such aspects of the consultation as investment promotion and technical assistance.
- (iv) Ensure that consultations between African countries and developed countries result in actual industrial redeployment schemes agreed upon by the different partners.
- (v) Encourage contacts and agreements between African countries and other developing countries in a position to provide management training, technology and marketing assistance and industrial operations skills to African countries.
- (vi) Adopt concrete proposals during consultation meetings as well as follow-up actions at various levels including concerned governments in developed and developing countries, entrepreneurs and development institutions particularly UNIDO.
- (vii) Bring about solutions to problems related to economies of scale through scaling down plant capacities and designing and manufacturing multipurpose industrial machinery and equipment.

E. Institutional arrangements

36. In view of the need for industrial development in Africa, institutional arrangements in UNIDO should ensure that the industrial priorities of Africa are fully taken into account in all areas and at all levels. It is therefore recommended that:

- (i) Consideration be given to the establishment of a system whereby the filling of the posts of head of the five functional departments is rotated among the five regions and there should be no inheritance of these or other senior posts.
- (ii) Establishment as soon as possible of a UNIDO regional office in Africa which will operate a data bank to help African countries to better develop their policies regarding the acquisition of technologies.
- (iii) The number of Senior Industrial Development Field Advisers should be increased substantially with priority accorded to the least developed countries and to African nationals.

F. Technical assistance to the Namibian people and to the liberation movements of southern Africa recognized by OAU

37. UNIDO is called upon to increase its assistance to African National Congress (ANC), Pan African Congress (PAC) and South West African People's Organization (SWAPO) especially by:

- (i) Providing training for the establishment and strengthening of small-scale industries.
- (ii) Training of industrial manpower including women.

38. The international community should speed up and expand assistance to liberation movements in addition to appreciable efforts exerted so far.

G. New concepts and approaches for co-operation in industrial development

39. Technical co-operation in the field of industrial development needs to be re-examined to include other concepts, in particular elements for negotiating a code of conduct governing contractual relations between developing countries on the one hand and developed countries on the other, which would take into account the concerns of African countries regarding training, profitability of industrial units and quality of manufactured goods. In this regard, UNIDO is called upon to consider such approaches aimed particularly at narrowing the technological gap between developed and developing countries in general and Africa in particular. UNIDO needs to be more aggressive and develop the necessary capacity to respond to specific problems through, inter alia, high-level field missions.

CONCLUSION

40. As indicated in the Lagos Plan of Action and reiterated in Africa's Priority Programme for Economic Recovery and the United Nations Programme of Action for African Economic Recovery and Development, we are fully aware of our primary responsibility for the implementation of the required policy measures necessary to ensure the successful implementation of the restructuring and rehabilitation programme in our countries. We are also convinced that, given the complexity of the problems facing African industries and the current economic crisis confronting African countries, the role of the international community is of crucial importance in terms of technical and financial assistance for industrial development as well as development of national skills. We are therefore firmly convinced that the above measures would be fully taken into account by the General Conference of UNIDO.

GC.2/Res.4 DEVELOPMENT OF HUMAN RESOURCES AND TECHNOLOGICAL CAPABILITIES FOR INDUSTRIAL DEVELOPMENT

The General Conference,

Recognizing the vital importance of the development of human resources as a priority activity in the programme of UNIDO and the need for it to be dealt with on the basis of a sound conceptual and integrated approach, matched with the priority requirements of the developing countries,

Recognizing also that the development of technological capabilities is an equally essential element in the process of the industrial development of the developing countries and that international co-operation in this respect should be intensified,

with a view to a more active participation of developing countries in international scientific and technological development,

1. Requests the Director-General to elaborate a policy framework incorporating thematic programme approaches including, among others, those contained in document GC.2/18 and to submit it to the Industrial Development Board at its fourth session;

2. Requests the Director-General to intensify co-operation with other competent organizations in the United Nations system with a view to assisting in the formulation and implementation of policies and programmes on human resource development in developing countries;

3. Urgently appeals to the industrialized countries to provide possibilities for effective theoretical and practical training to candidates from developing countries that is suited to the needs of those countries;

4. Requests the Director-General:

- (i) To continue to assist developing countries in determining their requirements for accelerated human resource development in the field of industry and to work out appropriate plans of action to meet those requirements;
- (ii) To organize programmes in areas relating to development of human resources for industrialization, inter alia, for the training of contract negotiators, the training of managers, the training of trainers and the elaboration of provisions relating to training to be incorporated in contracts for industrial projects;
- (iii) To accord special attention to manpower training and maintenance of industrial plants and develop programmes for this purpose;
- (iv) To make greater efforts to seek the assistance of experts from developing countries for the technical co-operation programmes of the Organization;
- (v) To promote further co-operation between developing countries at all levels in the development of human resources and technological capabilities;
- (vi) To continue to assist in the improvement of training arrangements in developing countries and develop appropriate training materials and systems, including training programmes arranged in co-operation with the public and private sectors and professional bodies;
- (vii) To continue efforts directed towards setting up international training in technology, including emerging technologies, the necessary pilot plants, consultancy, negotiations, the preparation of guidelines and assisting in the establishment of training institutes on a regional or subregional basis with a view to increasing the capability of developing countries to absorb advanced technology;
- (viii) To take the necessary measures to assist the developing countries, at their request, in establishing and running technological information systems, including national data

banks, engineering centres and applied research centres devoted to industrial activities;

- (ix) To pay particular attention to the special needs of the African countries for the development of human resources and technological capabilities for industrial development within the framework of the programme for the Industrial Development Decade for Africa, 18/ as covered in the programme of work for 1988-1989;
- (x) To continue efforts to develop training programmes specifically designed to facilitate the acquisition by women of skills at all levels (such as technological, managerial and entrepreneurial skills) in order to ensure their full integration in the industrial development process;
- (xi) To organize human resource development activities in specific areas of industrial development, in particular with regard to core industries, including small-scale enterprises;

5. Also requests the Director-General to continue to accord special priority to the industrial training activities of UNIDO;

6. Calls upon the Director-General to report to the Secretary-General on the implementation of the present resolution, in compliance with resolution 1987/81 of the United Nations Economic and Social Council;

7. Requests the Director-General, in the light of decision GC.2/Dec.22 on the programme and budgets, to bring about as soon as possible the administrative and budgetary redeployment, bearing in mind the priority attached to the development of human resources and technological capabilities;

8. Requests the Director-General to report through the Programme and Budget Committee to the Industrial Development Board at its fourth session on steps taken towards implementing the programmes for the development and transfer of technology in document IDB.3/26 in line with Board decision IDB.3/Dec.6;

9. Invites developed and developing countries to promote the exchange of technical and technological information, bearing in mind the potential of UNIDO to assist in this process.

9th plenary meeting
12 November 1987

GC.2/Res.5 INSTITUTIONAL ARRANGEMENTS

The General Conference,

Having considered the African Memorandum on Industrial Development adopted by the special meeting of the Conference of African Ministers of Industry held at Addis Ababa in October 1987, 19/

Stressing the importance of the institutional support provided by UNIDO for the industrial development of the African countries,

18/ ID/287.

19/ SP/CONF/MIN/IND.87 (OAU); see also annex to resolution GC.2/Res.3.

1. Requests the Director-General to study the feasibility of establishing a UNIDO regional office for Africa, to be responsible for co-ordinating all UNIDO activities in Africa;

2. Also requests the Director-General to consider the possible ways of increasing the number of Senior Industrial Development Field Advisers in Africa, particularly in the least developed countries, through redeployment or other means taking into account the report on field representation of organizations of the United Nations system, structure and co-ordination contained in a note by the Secretary-General of United Nations. 20/

8th plenary meeting
12 November 1987

GC.2/Res.6 TECHNICAL ASSISTANCE TO THE NAMIBIAN PEOPLE

The General Conference,

Taking note of the report of the Director-General on technical assistance to the Namibian people, 21/

Further taking note of the efforts of UNIDO to provide technical assistance to the Namibian people in compliance with United Nations General Assembly resolutions 31/153 of 20 December 1976 and 32/9A of 4 November 1977,

Recalling General Assembly resolution 41/39(E) of 20 November 1986 on the United Nations Fund for Namibia,

Taking into account decisions IDB.2/Dec.18 and IDB.3/Dec.10, adopted by the Industrial Development Board at its second and third sessions,

Taking note with interest of the African Memorandum on Industrial Development in Africa, adopted by the special meeting of the Conference of African Ministers of Industry, held at Addis Ababa in October 1987, 22/

1. Requests the Director-General to strengthen the technical assistance of UNIDO to the Namibian people, covering the pre-independence, transitional and post-independence phases, especially in the area of industrial training, including women;

2. Emphasizes the importance of continuing and strengthening the close co-operation of UNIDO with the United Nations Council for Namibia and the United Nations Institute for Namibia in formulating and executing technical co-operation projects in accordance with the relevant General Assembly resolutions;

3. Stresses that the formulation and execution of technical assistance to the Namibian people should be undertaken in close co-operation with the South West Africa People's Organization, the sole and authentic representative of the Namibian people, and should take into account the priority areas within the industrial sector, as spelt out in the programme for the Industrial Development Decade for Africa 23/ and the Nationhood Programme for Namibia;

20/ A/41/424.

21/ GC.2/8.

22/ SP/CONF/MIN/IND.87 (OAU); see also annex to resolution GC.2/Res.3.

23/ ID/287.

4. Strongly condemns the continued illegal occupation and plundering of the natural resources of Namibia and demanded that the international community create a situation conducive to the industrial development and provision of technical assistance to Namibia in accordance with the relevant General Assembly resolutions;

5. Appeals to all Member States and international organizations to provide funds and other resources for the speedy implementation by UNIDO of technical assistance to the Namibian people;

6. Requests the Director-General to submit to the Industrial Development Board at its fourth session a report on the implementation of this resolution;

7. Decides to consider the subject of the present resolution at its third session.

10th plenary meeting
13 November 1987

GC.2/Res.7 TECHNICAL ASSISTANCE TO THE
PALESTINIAN PEOPLE

The General Conference,

Mindful of the special provisions concerning the Palestinian people contained in the New Delhi Declaration and Plan of Action on Industrialization of Developing Countries and International Co-operation for Their Industrial Development, 24/

Recalling United Nations General Assembly resolution 41/181 of 8 December 1986 on assistance to the Palestinian people,

Taking into account resolutions and conclusions of the Industrial Development Board on technical assistance to the Palestinian people,

1. Takes note with appreciation of the report of the Director-General on technical assistance to the Palestinian people; 25/

2. Affirms that the Israeli occupation is hindering the basic requirements for the development of the Palestinian national economy, including its industrial sector;

3. Requests a more comprehensive programme of future UNIDO activities concerning the Palestinian industrial sector, with special emphasis on generating and strengthening small-scale industries, as well as industrial training for both men and women;

4. Requests UNIDO to prepare the necessary studies for the establishment of selected priority industrial projects needed by the Palestinian people in the occupied Palestinian territories and to explore ways and means of implementing such projects and allocating more financial resources towards that end;

5. Also requests UNIDO to sustain and increase its technical assistance to the Palestinian people in close co-operation and co-ordination with the Palestine Liberation Organization;

24/ ID/CONF.4/22 and Corr.1, chap. VI.

25/ GC.2/19.

6. Calls upon the occupation authorities to allow staff and experts of UNIDO access to the occupied Palestinian territories;

7. Requests the Director-General to report to the Board and to the General Conference at its third session on the progress made in the implementation of the present resolution.

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GC.2/Res.8 TECHNICAL ASSISTANCE TO THE SOUTH
AFRICAN NATIONAL LIBERATION
MOVEMENTS RECOGNIZED BY THE
ORGANIZATION OF AFRICAN UNITY

The General Conference,

Taking note of the report of the Director-General on technical assistance to the South African national liberation movements recognized by the Organization of African Unity (OAU), 26/

Taking note also of the efforts of UNIDO in providing technical assistance to the liberation movements of South Africa in compliance with United Nations General Assembly resolution 37/32 of 23 November 1982 and resolution 15 adopted by the Fourth General Conference of UNIDO, 27/

Further taking note of decisions IDB.2/Dec.20 and IDB.3/Dec.12 adopted by the Industrial Development Board at its second and third sessions,

Taking note with interest of the African Memorandum adopted by the special meeting of the Conference of African Ministers of Industry held at Addis Ababa in October 1987, 28/

1. Requests UNIDO to increase its technical assistance to the African National Congress of South Africa (ANC) and the Pan Africanist Congress of Azania (PAC) for the establishment and strengthening of small-scale industries and training of industrial manpower, including women;

2. Appeals to Member States and international organizations to provide funds and other resources for the speedy implementation by UNIDO of technical assistance to the South African national liberation movements recognized by OAU;

3. Strongly condemns the inhuman policies of the apartheid régime of South Africa and demanded that it create a conducive situation for UNIDO technical assistance to the South African national liberation movements recognized by OAU;

4. Requests the Director-General to submit to the Industrial Development Board at its fourth session a report on the implementation of the present resolution;

5. Decides to consider the subject of the present resolution at its third session.

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26/ GC.2/9.

27/ ID/CONF.5/46, chap. II.B.

28/ SP/CONF/MIN/IND.87 (OAU), see also annex to resolution GC.2/Res.3.

GC.2/Res.9 PROGRESS OF INDUSTRIALIZATION OF THE
LEAST DEVELOPED COUNTRIES

The General Conference,

Being aware of the increasingly difficult economic and social situation in the least developed countries and the very slow implementation of the recommendations of the Substantial New Programme of Action for the 1980s for the Least Developed Countries, 29/ which were made in an attempt to remedy the situation in the least developed countries,

Noting with concern the adverse impact on the least developed countries of the world economic difficulties,

Taking into consideration the recommendations included in the Lima Declaration and Plan of Action on Industrial Development and Co-operation 30/ and the New Delhi Declaration and Plan of Action on Industrialization of Developing Countries and International Co-operation for Their Industrial Development 31/ regarding the need to initiate special programmes of assistance so as to help the least developed countries in accelerating their industrialization,

1. Invites donor countries to enlarge and intensify financial and technical assistance to the least developed countries in the field of industrial development in compliance with the Substantial New Programme of Action and the mid-term review conclusions as adopted;

2. Requests that UNIDO:

(a) Strengthens further its technical co-operation programme for the least developed countries and accord high priority to these activities in all its programmes;

(b) Makes its programming and project development capacities more effective so as to assist the least developed countries;

(c) Gives high attention to the specific needs of the least developed countries, in particular to assisting, on request, in:

- (i) The preparation of master plans for the industrial sector;
- (ii) The identification of industries requiring market studies, and the conduct of such market studies leading to the preparation and evaluation of specific investment projects;
- (iii) The identification of factors, both internal and external, that adversely affect existing industries in the least developed countries and the formulation of measures for revitalizing, where economically feasible, such ailing industries;

29/ Report of the United Nations Conference on the Least Developed Countries, Paris, 1-14 September 1981 (United Nations publication, Sales No. E.82.I.8), part one, sect. A.

30/ ID/CONF.3/31, chap. IV.

31/ ID/CONF.4/22 and Corr.1, chap. VI.

(d) Prepares, where appropriate, special programmes in favour of the least developed countries when developing the medium-term plan;

(e) Gives special attention to the industrialization problem of the least developed countries in the System of Consultations and continues to allocate resources to the participation of capable experts and industrial specialists from the least developed countries in the meetings of the System of Consultations;

(f) Makes its focal point at the Secretariat more effective in dealing with the problems of the least developed countries;

(g) Adopts flexibility and understanding in dealing with requests submitted by the least developed countries for UNIDO assistance under Special Industrial Services, the Industrial Development Fund and other UNIDO-administered resources;

(h) Gives priority in all its technical co-operation projects to human resource development and training opportunities for participants from least developed countries.

10th plenary meeting
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GC.2/Res.10 MOBILIZATION OF FINANCIAL RESOURCES
FOR INDUSTRIAL DEVELOPMENT

The General Conference,

Recognizing that economic and social development is the basic priority of the developing countries and that the general mandate of UNIDO is to promote and accelerate the industrial development of the developing countries,

Recognizing further that the mobilization of additional external and domestic financial resources is vital to the industrial development of developing countries,

Emphasizing that international financial co-operation should be further strengthened,

Taking into account United Nations General Assembly resolution 41/202 of 8 December 1986 and the consensus achieved at the seventh session of the United Nations Conference on Trade and Development, 32/

1. Requests the Director-General to exert efforts so that UNIDO, in carrying out its activities:

(a) Increases its co-operation with the regional organizations and international financial institutions, in particular the World Bank Group and the regional and subregional development banks, in order to promote actively the mobilization of financial resources for the industrial development of developing countries;

(b) Co-operates with the developing countries in the preparation of specific projects for consideration by multilateral development institutions, in conformity with the interests and national industrial development strategies of those countries;

32/ TD/350 and Corr.1, part A.

(c) Co-operates with the developing countries in identifying and designing industrial projects within the framework of their national development objectives and priorities and, in this connection, continues and strengthens its work in preparing feasibility studies, and particularly studies aimed at identifying and attracting financing from all sources for those projects;

(d) Studies relevant mechanisms for utilizing financial resources more effectively for industrialization, with particular emphasis on activities aimed at enhancing the vertical and horizontal integration of the industrial sector, and proposes measures for possible action;

(e) Undertakes full and speedy implementation of the programmes in the industrial field set out in the Substantial New Programme of Action for the 1980s for the Least Developed Countries 33/ and in the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990; 34/

(f) Strengthens the investment promotion programme which should continue to identify and promote ways and means of mobilizing additional financial resources within the framework of national development objectives and priorities.

2. Invites donor countries and funding organizations to continue to provide grants, where appropriate, for the development of industrial infrastructure in developing countries and, in particular, in the least developed countries, consistent with their national policies and priorities;

3. Also invites all countries, particularly developed countries, to contribute more to the financing of the activities of UNIDO;

4. Requests the Director-General to report to the General Conference at its third session on the implementation of the measures called for in the present resolution.

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GC.2/Res.11 THE EXTERNAL DEBT AND INDUSTRIAL DEVELOPMENT

The General Conference,

Recognizing, as stated in paragraph 44 of the Final Act of UNCTAD VII, 35/ that the debt crisis is complex and an equitable, durable and mutually agreed solution will be reached only by an approach based on development, within the framework of an integrated, co-operative, growth-oriented strategy that takes into

33/ Report of the United Nations Conference on the Least Developed Countries, Paris, 1-14 September 1981 (United Nations publication, Sales No. E.82.I.8), part one, sect. A.

34/ United Nations General Assembly resolution S-13/2.

35/ TD/350 and Corr.1.

account the particular circumstances of each country, and that the response to the debt crisis should continue to evolve, through continuous dialogue and shared responsibility, and the strategy should be implemented with flexibility in an environment of strengthened international co-operation, bearing in mind General Assembly resolution 41/202 of 8 December 1986,

Recognizing further that debt-servicing problems constitute a severe and continuing burden which restricts the economic and social development of many developing countries,

Reiterating that the primary objective of UNIDO is the promotion and acceleration of industrial development in the developing countries with a view to assisting in the establishment of a new international economic order,

Taking into account the consensus achieved by Member States at the seventh session of the United Nations Conference on Trade and Development and emphasizing the need to implement policies and measures contained in the section on debt problems in the Final Act of UNCTAD VII,

1. Requests the Director-General:

(a) To propose measures in the technical co-operation programme of UNIDO that would enable the developing countries to alleviate the negative effects of external debt on industrial development; particular attention should be paid in pre-investment activities to the impact of foreign exchange on the industrial projects concerned;

(b) To submit to the Industrial Development board at its fourth session proposals for measures for the identification of industrial activities in developing countries and of sources for their financing, aimed at alleviating the adverse effects of external debt on their industrial development;

(c) To report to the General Conference at its third session on the implementation of the measures called for in the present resolution.

9th plenary meeting
12 November 1987

GC.2/Res.12 EXPRESSION OF GRATITUDE TO THE GOVERNMENT AND PEOPLE OF THAILAND

The General Conference,

Highly appreciative of the kind gesture of the Royal Thai Government to host its second session in Bangkok,

1. Places on record its gratitude to the Royal Thai Government and the Thai people for their generous hospitality and excellent arrangements for the Conference;

2. Welcomes the statement made by the President at the conclusion of the Conference, the text of which is annexed to the present resolution.

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Annex

CLOSING STATEMENT BY THE PRESIDENT OF
THE GENERAL CONFERENCE

Excellencies,
Distinguished delegates,
Ladies and Gentlemen,

With our session drawing to a close, I would wish to comment very briefly on our achievements.

First and foremost, and as your host, I was most impressed by the spirit of co-operation and consensus that prevailed throughout the week on most items. This, of course, stemmed from your awareness of the problems of the developing countries as they face a reversal of the industrial development strategies they espoused during the seventies, and your desire to contribute to a change.

At our Conference, we have been able to readjust our sights, so to speak. Our new perceptions have brought about a clearer understanding of the factors constraining development. The results of this Conference will guide the Organization in its future work. At the same time, we have provided UNIDO with some relief, albeit limited, from the current financial crisis, and we have assured it restrained budgetary support for the coming biennium.

I am confident that the Director-General will be able to maintain the enthusiasm and resolve that he has demonstrated throughout the past two years. With his dedicated staff behind him, I am confident that he will succeed. Indeed, I am most grateful for everything that he and his colleagues, seen and unseen, have done to bring about the successful conclusion of this Conference.

In my capacity as President of the Conference, I was most pleased to have discerned a pronounced sense of togetherness throughout the past five days - both within the conference chamber and without. From my vantage point on the rostrum here, I was most impressed by the manner in which national and regional interests were clearly laid aside as Member States devoted their energies to ensuring the future of UNIDO. Without this sense of community, our presence here would have been self-defeating. As Chairman of the National Organizing Committee, I was able to observe how a legion of local staff joined forces with the staff of UNIDO in an endeavour to make your stay as pleasant as possible. I hope that our efforts at co-ordination bore fruit and that you received everything you needed to facilitate your discussions. Should you have encountered any inconvenience, I trust you will forgive us.

I would also like to seize this opportunity to pay tribute to the dedication and outstanding commitment of Vice-President Mr. Bouveng and the Chairman of the Main Committee, Ambassador Baeyens, and his Bureau. They made a tremendous contribution to the success of this Conference.

Given the positive outcome of our deliberations, I trust that delegations will agree to my trying to capture the spirit of this Conference. In fact, I feel, one could justifiably summarize the results of

this Bangkok meeting in the following manner. If you permit, I shall attempt such a summary.

The Conference expressed deep concern over the present state of industrialization in the developing countries. Since the second half of the seventies, the manifold challenges to the industrialization of the developing countries have become more complex. The problems of the developing countries have been compounded by their inordinate debt-servicing burden, the shrinking international markets for their primary commodities and traditional exports, mounting protectionism, unstable oil prices, volatile exchange rates and the looming threat of rapid technological change.

Together with these developments, there have been profound changes in the structure of global industry and trade. These have combined to diminish the prospects for sustained industrialization in the developing countries.

Against this background, the Conference reaffirmed that deepening global economic interdependence increased the vulnerability of national economies and called for more active joint efforts to solve international economic problems. This had made it all the more essential to ensure effective international co-operation in industrial development as a means to secure a greater share for the developing countries in world industrial production and so improve the living standards and quality of life of the peoples in those countries. Particular concern was expressed about the conditions prevailing in the least developed countries and Africa which the Conference reaffirmed were areas of highest priority.

In this context, UNIDO was seen to have a crucial role to play through its varied programmes which the Conference examined. They were seen to have taken on a new and more effective dimension since the transformation of UNIDO into a specialized agency. The Organization had clearly proved itself capable of dealing more effectively with the complexities and inherent dynamism of international industrial co-operation.

The outcome and decisions of the Conference together with the views expressed were seen to reflect a renewed commitment on the part of Member States to the cause of industrialization and the endeavours of the Organization. The hope was expressed that this would translate into still greater support.

Given the challenging nature of the tasks before UNIDO, the Conference earnestly urged the Director-General to ensure the realization of the results of the Conference.

As President of the Conference, I wish him every success in his endeavours to promote the industrialization of the developing countries.

In conclusion, I would like to wish all of you a safe and pleasant journey back home. I hope that you will cherish pleasant memories of Bangkok and the spirit of this meeting that, I hope, will prevail until we meet again at the third session of the Conference.

Annex

DOCUMENTS SUBMITTED TO THE GENERAL CONFERENCE
AT ITS SECOND REGULAR SESSION

<u>Document Number</u>	<u>Agenda item</u>	<u>Document title</u>
GC.2/1	10	Report of the Industrial Development Board on the work of its first special session, 15 May 1986
GC.2/2 and Corr.1	10	Report of the Industrial Development Board on the work of its second session, 13-23 October 1986
GC.2/2/Add.1	10	Report of the Industrial Development Board on the work of its resumed second session, 16 March 1987
GC.2/3	10	Report of the Industrial Development Board on the work of its third session, 30 June - 3 July 1987
GC.2/3/Add.1	10	Report of the Industrial Development Board on the work of its resumed third session, 12 October 1987
GC.2/4	3	Provisional agenda
GC.2/4/Add.1	3	Annotated provisional agenda
GC.2/5/Rev.1	2 and 6	Lists of States to be included by the depositary of the Constitution of UNIDO in Annex I to the Constitution. Note by the Secretariat
GC.2/6	7, 8 and 9	General debate, including major problems related to industrialization; mobilization of financial resources for industrial development; the external debt and industrial development. Highlights from industry and development: Global Report 1987, with a special annex on the external debt of developing countries. Submitted by the UNIDO Secretariat
GC.2/7	7	General debate, including major problems related to industrialization. Advice given by the Special Advisory Group to the Director-General of UNIDO on new concepts and new approaches for international industrial co-operation
GC.2/8	7(h)	General debate, including major problems related to industrialization. Technical assistance to the Namibian people. Report by the Director-General
GC.2/9	7(j)	General debate, including major problems related to industrialization. Technical assistance to the South African national liberation movements recognized by the Organization of African Unity. Report by the Director-General
GC.2/10	11(c)	Proposed programme and budgets, 1988-1989. Based on the recommendations of the Industrial Development Board
GC.2/11	7(e)	The System of consultations. Basic premises and a review of two-year activities. Report submitted by the Director-General
GC.2/12	7 and 9	General debate, including major problems related to industrialization; the external debt and industrial development. Policies for industrial recovery and growth in developing countries. Issue paper submitted by the Secretariat
GC.2/13	8	Mobilization of financial resources for industrial development. Issue paper submitted by the Secretariat
GC.2/14	7(g)	General debate, including major problems related to industrialization. UNIDO's co-ordinating role in the United Nations system in industrial development. Issue paper submitted by the Secretariat
GC.2/15	7(l)	Integration of women in industrial development. Report submitted by the Director-General
GC.2/16	7(k)	Progress of industrialization of the least developed countries. Report submitted by the Secretariat
GC.2/17	7(b)	General debate, including major problems related to industrialization. Industrial Development Decade for Africa. A report submitted by the Secretariat

<u>Document Number</u>	<u>Agenda item</u>	<u>Document title</u>
GC.2/18	7(d)	General debate, including major problems related to industrialization. Development of human resources for industrial development. Issue paper submitted by the Secretariat
GC.2/19	7(i)	General debate, including major problems related to industrialization. Technical assistance to the Palestinian people. Report by the Director-General
GC.2/20	11(c)	Programme of work and financial matters: Programme and budgets, 1989-1989. Split-currency system of assessment. Report of the Director-General
GC.2/21	11(e)	Financial regulations. Note by the Director-General
GC.2/22	11(a)	Programme of work and financial matters: Scale of assessments of member states. Scale of assessments for 1988 and 1989. Note by the Secretariat
GC.2/23	11(b)	Financial situation of UNIDO. Report of the Director-General on the regular budget, 1986-1987
GC.2/24	13	Matters related to intergovernmental, non-governmental, governmental and other organizations. Note by the Director-General
GC.2/25	14	Headquarters agreement between UNIDO and the Republic of Austria. Report by the Director-General
GC.2/26	12(a)	Personnel matters: Staff regulations. Note by the Director-General
GC.2/27 and Add.1	-	Preparations for the General Conference. Report on the results of the Contact Group of Permanent Missions in Vienna (as of 22 October 1987). Note by the Secretariat
GC.2/28	..	Report of the Credentials Committee
IDB.3/16 and Add.1	7(a)	Preparatory arrangements for the second session of the General Conference, including Article 2 (c) of the Constitution. New concepts and approaches for co-operation in industrial development. Report by the Director-General
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GC.2/INF.1 and Add.1	-	Advance information for participants
GC.2/INF.2/Rev.1	-	List of participants
GC.2/INF.3	-	List of documents issued for the second session of the General Conference as of 8 November 1987
GC.2/INF.4	-	Decisions and resolutions of the General Conference, second regular session, 9-13 November 1987
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GC.2/L.1	7(a)	New concepts and approaches for co-operation in respect to industrial development in conformity with Article 2 (c) of the Constitution. Draft resolution submitted by the Latin American Group
GC.2/L.2	7(d)	Development of human resources and technological capabilities for industrial development. Draft resolution submitted by the Latin American Group
GC.2/L.3	8	Mobilization of financial resources for industrial development. Draft resolution submitted by the Latin American Group (subsequently by the Group of 77)
GC.2/L.3/Rev.1	8	Mobilization of financial resources for industrial development. Draft resolution submitted on behalf of the Main Committee by its Chairman
GC.2/L.4	9	The external debt and industrial development. Draft resolution submitted by the Latin American Group (subsequently by the Group of 77)

Document Number	Agenda item	Document title
GC.2/L.4/Rev.1	9	The external debt and industrial development. Draft resolution submitted on behalf of the Main Committee by its Chairman
GC.2/L.5/Rev.1	7	Strengthening of economic and technical co-operation among developing countries. Draft resolution submitted by the Group of 77
GC.2/L.6/Rev.1	7(1)	Integration of women in industrial development. Draft decision submitted by Australia, Canada, Finland, Indonesia, Lesotho, Mexico, Netherlands, Norway, Somalia, Sweden, Uganda, Venezuela and Yugoslavia (also by Denmark)
GC.2/L.7	7(g)	UNIDO's co-ordinating role in the United Nations system in industrial development. Draft decision submitted by Canada, Finland, Germany, Federal Republic of, Japan, Norway, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland
GC.2/L.7/Rev.1	7(g)	UNIDO's co-ordinating role in the United Nations system in industrial development. Co-ordination of industrial development activities in the United Nations system. Draft decision submitted on behalf of the Main Committee by its Chairman
GC.2/L.9	7	The report of the World Commission on Environment and Development. Draft decision submitted by Denmark, Finland, Netherlands, Norway and Sweden. (Originally submitted under subitem 7(a))
GC.2/L.10	7(d)	Development of human resources and technological capabilities for industrial development. Draft decision submitted by Austria, Canada, France, Turkey and United Kingdom of Great Britain and Northern Ireland
GC.2/L.10/Rev.1	7(d)	Development of human resources and technological capabilities for industrial development. Draft resolution submitted on behalf of the Main Committee by its Chairman
GC.2/L.11	8 and 9	Mobilization of financial resources for industrial development. The external debt and industrial development. Draft decision submitted by Japan and United Kingdom of Great Britain and Northern Ireland
GC.2/L.12	8	Mobilization of financial resources for industrial development. Mobilization of financial resources for the purposes of industrial development and disarmament. Draft resolution submitted by Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Romania, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics
GC.2/L.12/Rev.1	7	General problems associated with industrial development. Draft decision submitted by the President
GC.2/L.13	7(a)	New concepts and approaches for co-operation in respect to industrial development in conformity with Article 2 (c) of the Constitution. Interdependence and international industrial co-operation. Draft resolution submitted by Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Romania, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics
GC.2/L.14	7	The role of the public sector in the industrial development of developing countries. Draft resolution submitted by Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Romania, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics
GC.2/L.15/Rev.1	7(b)	African Memorandum on Industrial Development in Africa. Draft resolution submitted by the President
GC.2/L.16/Rev.1	7(b)	The Industrial Development Decade for Africa, including the contribution of UNIDO to the restructuring and rehabilitation of African industry, as well as the negotiation of new industrial projects. Draft resolution submitted by the President

Document Number	Agenda item	Document title
GC.2/L.17	7(d)	Development of human resources and technological capabilities for industrial development. Draft resolution submitted by the African Group
GC.2/L.18	8 and 9	Mobilization of financial resources for industrial development. The external debt and industrial development. Financing of industrial development in Africa and external debt. Draft resolution submitted by the African Group
GC.2/L.19/Rev.1	7(f)	Institutional arrangements. Draft resolution submitted by the President
GC.2/L.20	7(j)	Technical assistance to the South African national liberation movements recognized by the Organization of African Unity. Draft resolution submitted by the African Group (subsequently by the Group of 77)
GC.2/L.21	7(h)	Technical assistance to the Namibian people. Draft resolution submitted by the African Group (subsequently by the Group of 77)
GC.2/L.22/Rev.1	7(k)	Progress of industrialization of the least developed countries. Draft resolution submitted by the President
GC.2/L.23	7(i)	Technical assistance to the Palestinian people. Draft resolution submitted by Afghanistan, Algeria, Angola, Bangladesh, Cuba, Egypt, Ethiopia, Iraq, Kuwait, Morocco, Nigeria, Oman, Pakistan, Senegal, Sudan, Tunisia, Viet Nam, Zambia and Zimbabwe (subsequently by the Group of 77)
GC.2/L.24	7(a)	New concepts and approaches for co-operation in respect to industrial development in conformity with Article 2 (c) of the Constitution. Draft decision submitted on behalf of the Main Committee by its Chairman
GC.2/L.25	12(a)	Personnel matters: Staff regulations. Draft decision submitted on behalf of the Main Committee by its Chairman
GC.2/L.26	-	Expression of gratitude to the Government and people of Thailand
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GC.2/CRP.1	11(c)	Programme of work and financial matters: programme and budgets, 1988-1989. Assessments in United States dollars and Austrian schillings: payment of the assessed contributions of Member States for the biennium 1988-1989. Information note by the Secretariat (English/French)
GC.2/CRP.2	7(e)	General debate, including major problems related to industrialization. The System of Consultations. Note by the Secretariat (English only)
GC.2/CRP.3	11(f)	Programme of work and financial matters: Industrial Development Fund. Status of pledges for 1988 as at 13 November 1987. Report by the Secretariat (English only)
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