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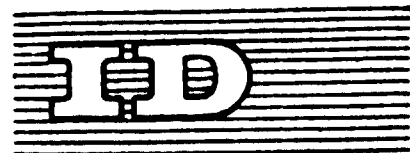
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DO2072

United Nations Industrial Development Organization

ID/B/40
13 May 1968

ORIGINAL: ENGLISH

Industrial Development Board

Second Session

Vienna, 17 April - 14 May 1968

Committee I

Agenda item 9

Agenda item 9: Draft estimates of expenditures
for 1969 and other financial questions

Note by the Executive Director

1. The Executive Director received on 4 May 1968 the following letter from the Acting President of the Board of UNIDO:

"Sir,

I have the honour to inform you of the following decision taken by the Industrial Development Board at its 52nd Plenary meeting on Saturday, 4 May 1968:

"The Industrial Development Board decides that the annual budget estimates for UNIDO should be made available to the Board at each of its regular sessions;

Further the Industrial Development Board requests the Executive Director of UNIDO to use his good offices to obtain the release of the Secretary-General's 1969 budget estimates to the Board at its present session."

In accordance with the decision of the Board, I should be most grateful for your expeditious pursuit of this matter.

Accept, Sir, the assurances of my highest consideration.

(Signed) G.M. Richards
Acting President

United Nations Industrial Development Board"

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

2. The Executive Director, in response to the above letter from the Acting President of the Board, sent the following cable to the Secretary-General of the United Nations:

"The Industrial Development Board took following decision at its 52nd plenary meeting on Saturday 4 May 'The Industrial Development Board decides that the annual budget estimates for UNIDO should be made available to the Board at each of its regular sessions; further, the Industrial Development Board requests the Executive Director of UNIDO to use his good offices to obtain the release of the Secretary-General's 1969 budget estimates to the Board at its present session.' Please advise "

3. The Executive Director received the following reply from the Secretary-General of the United Nations:

"Decision of the Board taken at its 52nd plenary meeting on Saturday, 4 May, gives rise to serious difficulties which I would request you to bring urgently to the attention of the Board.

"First, legal difficulties. Secretary-General must conform to the financial regulations as approved by the General Assembly:

Regulation 3.4 states "The Secretary-General shall submit to the regular session of the General Assembly budget estimates for the following financial year. The estimates shall be transmitted to all member States at least five weeks prior to the opening of the regular session of the General Assembly."

Regulation 3.5 states "The Secretary-General shall at least twelve weeks prior to the opening of the regular session of the General Assembly submit the estimates to the Advisory Committee on Administrative and Budgetary Questions for examination."

Regulation 3.6 states "The Advisory Committee shall prepare a report to the General Assembly on the estimates submitted by the Secretary-General. This report shall be transmitted to all member States at the same time as the estimates."

Resolution 2152 adopted by the General Assembly at its 1468 Plenary Meeting on 17 November 1966 at its twenty-first session decided that UNIDO be established as an organ of the General Assembly and that it should function as an autonomous organization within the United Nations in accordance with the provisions set forth in Section 2 of that resolution. Those provisions in no way modify or change the mandate placed upon the Secretary-General by the relevant aforementioned financial regulations. Under paragraph 7 of the provisions contained in Section 2 of resolution 2152 (XXI), which deals with the functions and powers of the Board, it is authorized under sub-paragraph (d) to consider and approve the programme of activities of the Organisation, and under sub-paragraph (f) to exercise control over the effective utilization of resources available to the Organisation. As regards the disbursement of funds, paragraph

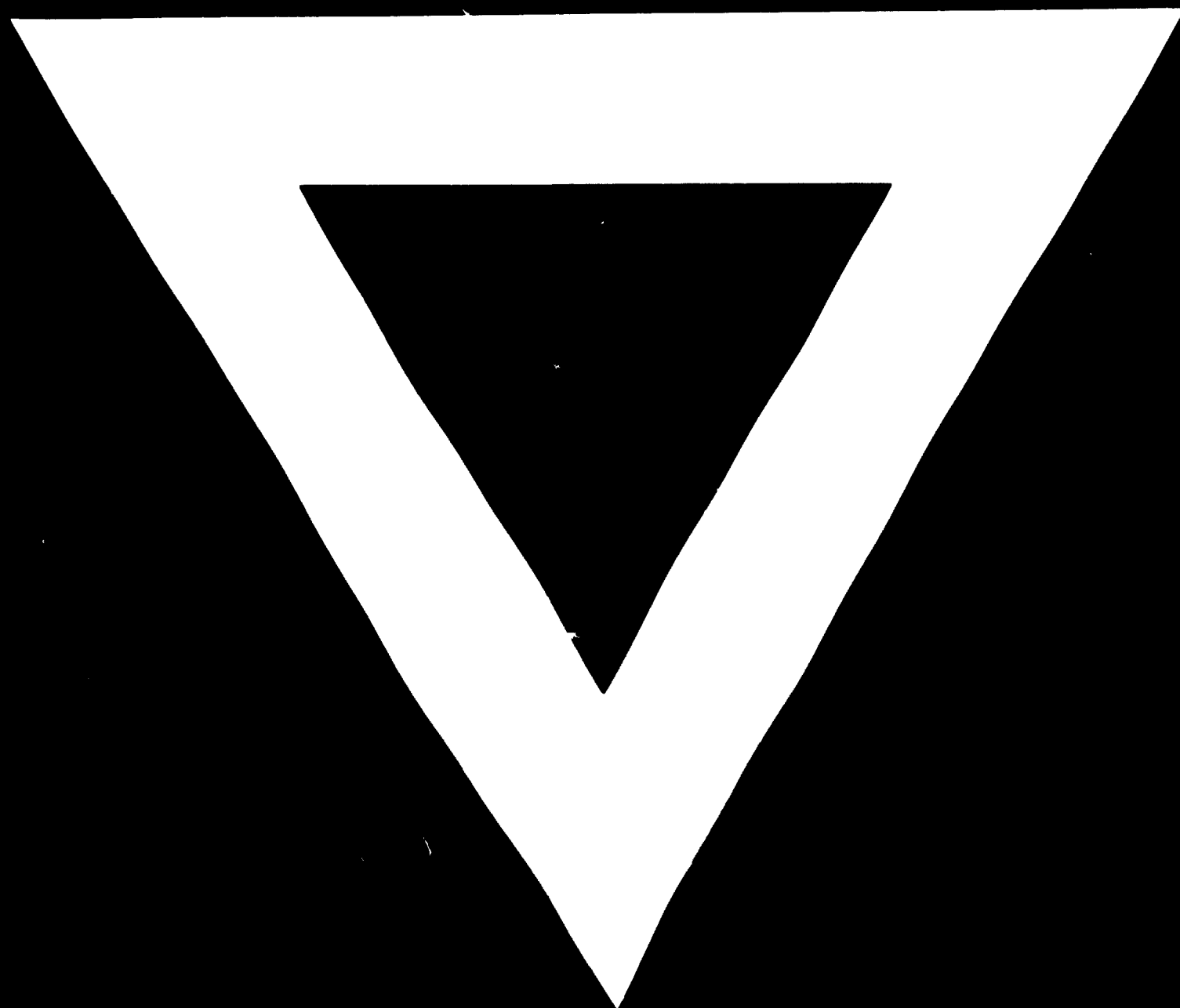
25 of Section 2 of General Assembly resolution 2152 (XXI) clearly leaves the responsibility to the Secretary-General in consultation with the Executive Director of UNIDO.

In order to enable the Board to fulfil its responsibilities in regard to the work programme, a report was submitted by the Executive Director of UNIDO in document ID/B/26 giving the proposed programme of work of UNIDO for 1969. In a further statement, document ID/E/29, he provided the provisional implications of that work programme in terms of the increase in man-power required for the fulfilment of the substantive work involved and an indication of the credits to be requested for consultants, travel of staff on official business, the publications programme and meetings of experts and other advisory bodies. The Secretary-General believes therefore that by the actions he has already taken he has enabled the Board to fulfil its responsibilities in regard to the work programme while at the same time he has conformed strictly to the financial regulations.

"Second, as regards the practical difficulties, the principal issues that arise are as follows: The Secretary-General cannot complete his analysis, review and preparation of the total estimates before the end of May in any given year. The months of January and February are devoted to the preparation of submissions of estimates by the various departments, offices and other organizations comprising the Secretariat of the United Nations, and March, April and May to the analytical review of these submissions and the final preparation of the total estimates. The Secretary-General can only take his decisions on the final estimates when the total budgetary requirements for the coming year are known. Under these circumstances the Secretary-General's estimates for UNIDO are still under the review and accordingly will not be finalized until later in the current month. It will be appreciated that the estimates for UNIDO for 1969 as submitted by the Executive Director to the Secretary-General were based on a work programme which was still subject to review by the Board during its current session. Decisions taken by the Board therefore at its current session may have some bearing on the level of those estimates as submitted. The Secretary-General would need to be informed by the Executive Director of such decisions so that they could be submitted to the ACABQ either in the form of amendments to the initial estimates if time permits or subsequently as revisions to those estimates. Furthermore, in accordance with the provisions set forth in paragraph 30 of Section 2 of General Assembly resolution 2152 (XXI) the Secretary-General must in consultation with the Executive Director take into account the relationship between the estimates submitted for UNIDO and those submitted by the regional economic commissions and the United Nations Economic and Social Office in Beirut in the field of industry. It is difficult therefore to consider the requirements of UNIDO in isolation before total budget proposals are known.

"The above represents my considered views on the main issues involved. I would hope that these explanations would be acceptable to the Board."





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