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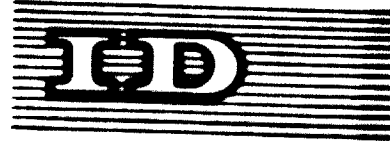
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REPORT ON THE UNIDO GENERAL TRUST FUND

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Corrigendum

Page 11, penultimate line

Delete: "2,500" in second column - Pledges at 3rd Pledging Conference
and subsequently

insert: "2,500" in third column - Payments received

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INTRODUCTION

1. General Assembly resolution 2152 (XXI), by which the United Nations Industrial Development Organization was established, provided in paragraph 22 that the expenses for the operational activities of the organization should be met, inter alia, from the voluntary contributions of the States Members of the United Nations, members of the specialized agencies and of the International Atomic Energy Agency. In paragraph 23, the resolution stipulated further that voluntary contributions to the organization for its operational activities may be made, at the option of the Governments, either through announcement at a pledging conference to be convened by the Secretary-General of the United Nations on the recommendation of the Board, or in accordance with regulations 7.2 and 7.3 of the Financial Regulations of the United Nations, or by both of these methods.
2. The Industrial Development Board, in its resolution 2 (I), invited the Secretary-General to convene an annual pledging conference on UNIDO. This was endorsed by General Assembly resolution 2407 (XVIII), paragraph 3, as follows:

"Invites Governments to provide additional support to the United Nations Industrial Development Organization by making available through voluntary contributions, in accordance with section II, paragraph 23, of General Assembly resolution 2152 (XXI), adequate resources for an expanded programme of field activities under flexible procedures".
3. The first and the second pledging conferences were held in 1968 and 1969, respectively. Pledges that were announced at the conferences, or subsequently, amounted to US\$3,587,715, to which should be added \$1,116,289 in contributions pledged before the first conference.
4. The Third Annual United Nations Pledging Conference on UNIDO was held at United Nations Headquarters on 10 November 1970. Of the 84 countries represented at the Conference, 64 made pledges for 1971 on behalf of their Governments. The pledges totalled the equivalent of \$1,869,236. Of those announcing contributions, 17 increased the amount pledged, in the preceding year or made new pledges. It is expected that, as in the past, additional pledges will be made during the current year. Several industrially advanced countries indicated that although they were unable to announce formal pledges at the Pledging Conference, their respective Governments either had authorized or were considering substantial contributions in funds to programmes and projects of UNIDO.
5. The total amount of voluntary contributions pledged up to 31 December 1970 to UNIDO by member States amounts to \$6,573,240. A contribution of \$2,500 was also received from a non-governmental source - the Burlington (Iowa, USA) Chapter of the United Nations Association. ✓ These additional resources have enabled UNIDO to launch and finance a number of non-traditional projects of an operational character. Moreover, they contribute to international co-operation in the industrialization of the developing countries.

6. Contributions received are credited to the UNIDO General Trust Fund, the establishment of which has been authorized by the Secretary-General for this purpose.

PROGRAMMING PRINCIPLES AND PROCEDURES FOR THE UTILIZATION OF THE UNIDO GENERAL TRUST FUND

7. Guidelines for the utilization of the voluntary contributions made to UNIDO were submitted to the Industrial Development Board at its third session (ID/B/43, annex VII, p.6,7). The programming of the utilization of the contributions, including decisions as to the structure and priorities of each individual project as well as of the programme as a whole, has been guided by the general principles embodied in the guidelines.

8. In November 1968, the Executive Director established a Task Force to advise him on the most effective utilization of the General Trust Fund. In March 1970, the Task Force was reconstituted into a five-man Committee on Voluntary Contributions, one member from each of the Divisions in UNIDO. The functions of the Committee on Voluntary Contributions are: to prepare and review, on a regular basis, the priorities, procedures and guidelines for the utilization of the voluntary contributions; to examine specific proposals submitted to it by the Divisions concerned for projects and activities to be financed from the UNIDO General Trust Fund; to submit the respective recommendations to the Executive Director for his approval; and to follow-up on the progress of implementation of projects, including any necessary revisions.

9. Projects financed out of the General Trust Fund are operationally oriented. They are carried out in individual developing countries, or regionally, in co-operation with a group of developing countries or through intergovernmental organizations. The projects are developed through UNIDO's experts in developing countries, through the Industrial Development Field Advisers, through visits by headquarters staff to recipient and donor countries, and through correspondence with the appropriate authorities in the countries. Many projects require negotiations, with regard to programming and implementation, between UNIDO and the recipient and donor countries. Some contributions are made for pre-determined purposes agreed upon in consultation between donors and the secretariat. Thus, the procedural and administrative adaptability in the formulation, approval and implementation of projects permits a greater flexibility in the type of assistance to be rendered.

10. In the process of industrialization the needs for technical co-operation are manifold and complex; often they cannot be satisfied through traditional means. The General Trust Fund has enlarged the scope of assistance to developing countries by enabling UNIDO, inter alia, to finance deliveries of industrial equipment and other physical units that could not have been covered under other programmes due to their inherent limitations. Through the General Trust Fund, UNIDO can finance, in successive phases, industrial promotion in a direct line from laboratory investigations of samples of promising domestic raw materials through feasibility studies to plant design and up to the fostering of direct investment from bilateral or multilateral sources.

11. Moreover, the General Trust Fund has enabled UNIDO to launch new programmes and pilot schemes which, after their soundness and feasibility have been proved, might lend themselves to financing from traditional technical co-operation sources. This pioneering aspect is a salient feature in the utilization of the General Trust Fund.

12. Whereas a number of projects are financed fully from the General Trust Fund, others are financed from voluntary contributions in combination with funds from other sources. Many of the in-plant training programmes, for example, are financed partly from UNDP/TA (e.g., travel of participants) and partly from voluntary contributions (e.g., local facilities). The supply of plants or equipment of production scale for pioneering projects, which - according to existing rules and procedures - cannot be financed from any other source of technical co-operation, may be arranged through the General Trust Fund. In such instances, SIS or UNDP/TA funds are normally used to finance the experts needed to draw up specifications of the equipment to be contracted or to put the equipment into operation.

13. With regard to the substance of the programme for the utilization of the General Trust Fund, emphasis is being given to the following broad categories of activities: industrial equipment and other physical units; plant design and laboratory investigations; training projects; workshops and other technical meetings containing a training component; collection and dissemination of industrial information and promotion activities; industrial surveys and research; and expert assistance.

14. Finally, priority is given to projects that enhance co-operation between groups of developing countries or involve regional or subregional organizations and groupings and that utilize, as much as possible, the voluntary contributions from all or several of the countries concerned.

15. Every project is judged on its own merits as well as to how it fits into the over-all programme.

16. By utilizing the voluntary contributions in this manner, UNIDO can assume a promotional and catalytic role and can stimulate projects in which the bulk of the work can be carried out by local specialists with the assistance and guidance of UNIDO staff and experts. A number of projects lend themselves to a combination of UNIDO activities with bilateral assistance, particularly in the end phases of the establishment of industrial plants.

PROGRAMME IMPLEMENTATION

17. In accordance with the expressed needs of the developing countries, certain priorities have been applied in programming the utilization of the General Trust Fund. The priorities are illustrated in table 1 below which summarizes, in broad categories, the types and values of projects formulated for implementation as of 31 December 1970.

18. Illustrative examples of projects at various stages of negotiation or implementation are given in the following paragraphs.

19. A prototype foundry plant and a prototype machine workshop will be supplied to the Sudan. Similar equipment will also be supplied to Somalia if a project report, contracted under the General Trust Fund, so recommends. In addition, UNIDO will also provide expert assistance to both projects under the SIS programme for the installation and initial operation of the plants.

Table 1

Summary of projects formulated for implementation as of 31 December 1970
(expressed in US dollars)

	<u>US\$</u>
Industrial equipment and other physical units	1,196,000
Training projects	828,166
Collection and dissemination of industrial information and promotion activities	385,554
Workshops and other technical meetings	312,910
Industrial surveys and research	69,645
Expert assistance	45,700
Plant design and laboratory investigations	355,500
Headquarters staff	13,000
Total	<u>3,206,475</u>

20. From the General Trust Fund, UNIDO is supplying mobile repair units for maintenance and repair of industrial equipment to developing countries in Africa and Asia. Experts financed from SIS funds are supplementing these projects.
21. Quality control equipment is being supplied to Ceylon, to the Democratic Republic of the Congo and to the United Arab Republic. Consultants and experts are being financed from SIS funds.
22. Training and demonstration equipment will be supplied to an aluminium foundry in Mali, and laboratory scale metallurgical investigations of ilmenite concentrates are being carried out for Ceylon, the Gambia and the United Arab Republic. The techno-economic evaluation of titanium-ferrous iron ores from the United Republic of Tanzania is being contracted from the General Trust Fund. Further, a feasibility study and a project design preparation of an industrial prototype plant in India for the electro-metallurgical processing of ilmenite concentrates to titania-rich slag and pig iron have also been contracted from the General Trust Fund.
23. In the field of training, UNIDO has used voluntary contributions to carry out a number of in-plant group training programmes including programmes for engineers in the shoe industry, in the metalworking industry, in the mineral fertilizer industry and in the field of oil engines. An in-plant group training programme for engineers in the food processing industries is to be organized in India.
24. A series of training seminars on UNIDO operations have been organized for government officials responsible for industrial development planning and technical assistance programmes.
25. By means of a voluntary contribution, made specifically for the purpose, UNIDO established its Industrial Information Service.
26. On a regional basis, UNIDO is assisting in the establishment of an Information Centre for the Regional Co-operation for Development (RCD) countries (Iran, Turkey, Pakistan) by contributing to the supply of technical equipment and initial reference books, the training of staff etc. Similar assistance is being given to the Industrial Information Centre of the Industrial Development Centre for Arab States (INIAS) and to the five branch centres located in Algiers (iron and steel), Alexandria (textile industries), Cairo (small-scale industries), Khartoum (food processing

industries) and Amman (building and construction materials). UNIDO is also co-operating closely with IDCAS in such areas as training programmes, country surveys, sectoral studies, workshops, seminars and translations.

27. Using voluntary contributions, UNIDO has sponsored the creation of a World Association of Industrial and Technological Research Organizations (WAIIRO) and is providing assistance to it in the initial phases of its existence.

28. In the field of standardization and metrology, UNIDO is providing assistance to the Arab countries to establish and/or strengthen their national standardization bodies through the Arab Organization for Standardization and Metrology (ASMO).

29. Voluntary contributions make possible the translation of UNIDO documents into languages other than the official ones, such as the Manual on the Use of Consultants in Developing Countries, which has been translated into Arabic.

30. Industrial Promotion Services are another activity carried out from the General Trust Fund. The Industrial Promotion Service which UNIDO organized at the Budapest International Fair was financed by voluntary contributions.

31. Joint consultation teams, consisting of staff and consultants from UNIDO and of local specialists, were organized in Bulgaria to work out a methodology, applying the profile approach, to the over-all industrial programming.

32. A number of meetings are also organized through voluntary contributions, such as the meeting on the promotion of small industries in the RCD countries which will take place in Tehran in 1971.

FINANCIAL MANAGEMENT

33. Funds contributed to the General Trust Fund are received and disbursed under the terms of the Financial Regulations and Rules of the United Nations, supplemented by administrative instructions issued by the Executive Director in consultation with the Controller of the United Nations. Accounts are maintained by UNIDO in conformity with established United Nations practices and are regularly audited by the Internal Audit Service and by the Board of Auditors. All amounts received are deposited in bank accounts opened by the United Nations Controller but operated directly by UNIDO.

34. Investment of funds not immediately required for disbursements is made in consultation with, and under the authority of, the Controller.

35. As shown in table 2 below, only \$422,297 out of total pledges of \$4,761,000 (exclusive of pledges made at the Third Pledging Conference), remained uncollected at the end of 1970. A detailed breakdown of pledges and contributions collected is given in the annex.

Table 2
Statement of pledges and contributions collected as of 31 December 1970
(expressed in US dollars)

	<u>Restricted currencies^{a/}</u>	<u>Non-restricted currencies</u>	<u>Total</u>
Pledges prior to 3rd Pledging Conference			
Contributions collected	2,599,748	1,466,609	4,066,357
Gain or (loss) on exchange	(215,030)	(325)	(215,355)
Contributions due	<u>248,092</u>	<u>184,200</u>	<u>422,292</u>
<u>Total pledges prior to 3rd Pledging Conference</u>	3,052,870	1,651,134	4,704,004
<u>Total pledges at 3rd Pledging Conference</u>	1,252,136	617,100	1,869,236
<u>Grand total of pledges (including amounts pledged at 3rd Pledging Conference)</u>			<u>6,573,240</u>

^{a/} Some contributions pledged and paid in restricted currencies have been converted by arrangement with the United Nations Controller, into non-restricted currencies. The restricted currencies are utilized by the United Nations for the payment of local costs in the contributing countries, while a corresponding credit is made to UNIDO in convertible currency.

36. Table 3 below summarizes, in financial terms, the status of implementation of the programme financed through the General Trust Fund, including the value of contributions collected in comparison with value of projects approved and expenditures incurred until 31 December 1970. It will be seen that out of \$4,068,857 of contributions received, projects amounting to \$3,206,475 have been formulated and are at different stages of implementation, representing 78.8 per cent of the resources available. Expenditures incurred as of 31 December 1970 amounted to \$1,352,200.

Table 3
Financial status of programme implementation as of 31 December 1970
(expressed in US dollars)

	<u>Restricted currencies</u>	<u>Non-restricted currencies</u>	<u>Total</u>
1. Contributions received	2,599,748	1,469,109	4,068,857 ✓
2. Projects approved	2,509,100	697,375	3,206,475
3. Unprogrammed balance (line 1 less line 2)	<u>90,648</u>	<u>771,734</u>	<u>862,382</u>
4. Expenditures	<u>888,900</u>	<u>463,300</u>	<u>1,352,200</u>
5. Unspent balance of projects approved (line 2 less line 4)	<u>1,620,200</u>	<u>234,075</u>	<u>1,854,275</u>

^{a/} Excluding a \$10,000 payment received against a pledge made at the 3rd Pledging Conference and including a \$2,500 contribution received from a non-governmental source.

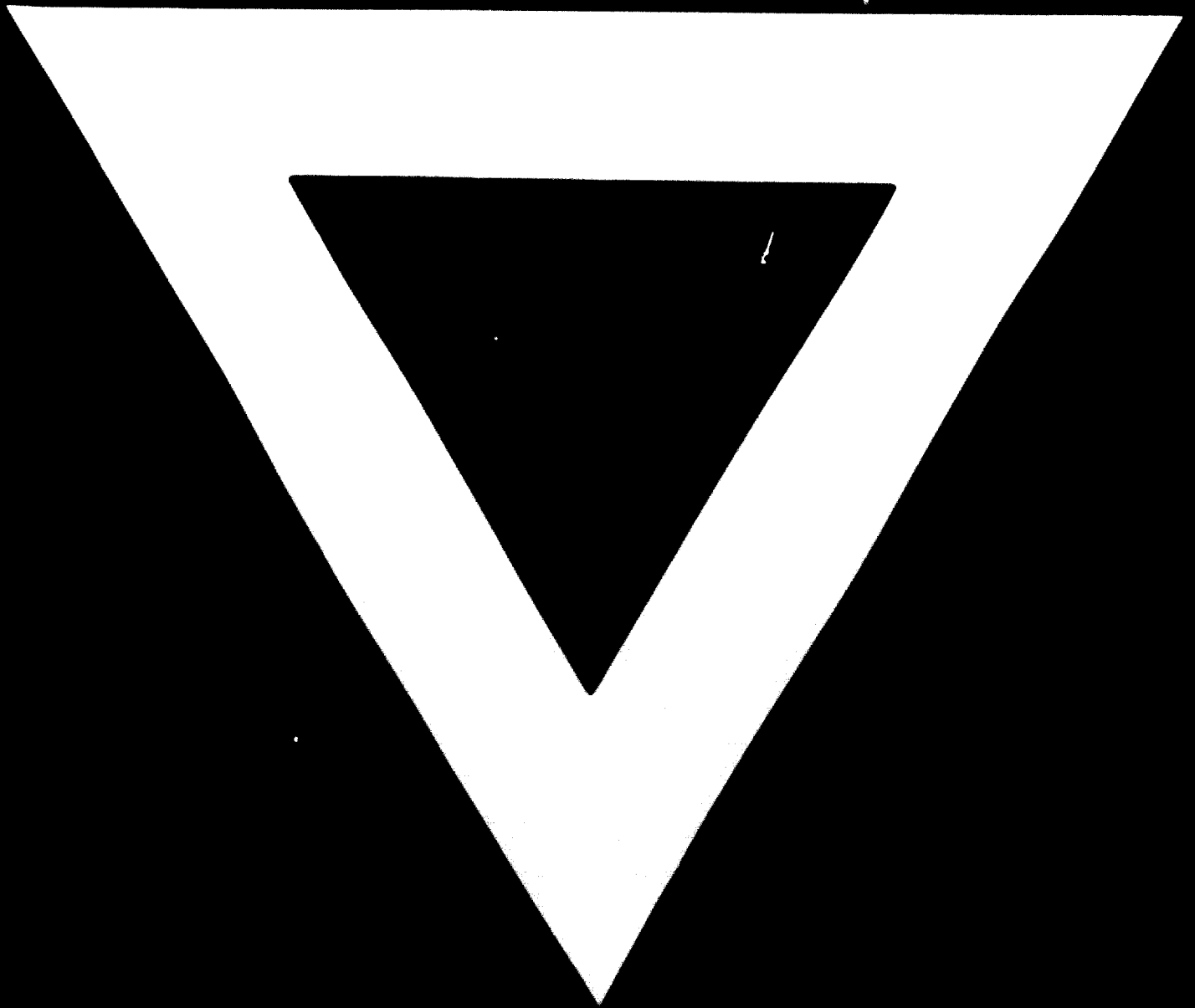
37. Substantive and administrative support of operations financed through the General Trust Fund has been largely absorbed within approved resources. It has been necessary, however, to establish two clerical posts, financed from non-restricted contributions, to provide administrative and secretarial services to the Committee on Voluntary Contributions and to cope in the financial services with the increased workload directly attributable to the operations under the General Trust Fund.

ANNEX

Status of pledges and payments received as of 31 December 1970
 (expressed in US dollars)

Country	Pledges prior to 3rd Pledging Conference	Pledges at 3rd Pledging Conference and subsequently	Payments received	Gain or (loss) on exchange	Balance due
Afghanistan	1,000	2,000	604	(396)	2,000
Algeria	20,000	10,000	10,024	24	20,000
Argentina	60,000	30,000	60,000		30,000
Austria	220,000	15,000	219,992	(8)	15,000
Bahamas	500	500	248	(2)	750
Bahrain	20,000	10,000	20,000		10,000
Bangladesh	32,500	12,500	32,500		12,500
Barbados	4,000	1,000			5,000
Belize	1,079	1,798	1,079		1,798
Bhutan	6,000	3,000	3,000		6,000
Bolivia	8,000	3,000			11,000
Brazil	20,000	10,000	20,000		10,000
Bulgaria	4,000	4,000			8,000
Burkina Faso	40,000	20,000	40,000		20,000
Burundi	1,440	720	1,440		720
Czechoslovakia	346,260	173,130	174,095	(172,165)	173,130
Dominican Republic	-	1,000			1,000
Ecuador	8,993	-	8,993		-
Egypt	14,700	-	14,700		-
El Salvador	11,000	6,000			17,000
Equatorial Guinea	2,000	1,000	2,000		1,000
Ethiopia	50,000	33,333	50,000		33,333
France	100,000	50,000	50,000		100,000
Ghana	25,000	25,000	22,903		27,097
Guatemala	100,000	50,000	50,000		100,000
Haiti	20,000	10,000	10,000		20,000
Honduras	20,000	10,000	5,000		25,000
India	600,000	300,000	600,000		300,000
Indonesia	8,496	4,496	8,577	81	4,496
Iran	4,000	4,000	4,000		4,000
Italy	5,000	4,000	2,800		6,800
Jamaica	40,000	30,000	40,000		30,000
Japan	4,615	4,615	4,615		4,615
Jordan	1,500	1,000	1,500		1,000
Korea	-	3,000			3,000
Libyan Arab Republic	110,000	-	50,000		60,000
Madagascar	-	3,000			3,000

Country	Pledges prior to 3rd Pledging Conference	Pledges at 3rd Pledging Conference and subsequently	Payments received	Gain or (loss) on exchange	Balance due
Malta	480	240	480		240
Mauritania	4,000	-	3,563	1,563	2,000
Mexico	10,000	-	10,000		-
Mongolia	2,000	1,000			3,000
Morocco	10,000	10,000			20,000
Nigeria	11,000	7,000	10,600		7,400
Pakistan	65,000	40,000	65,000		40,000
People's Democratic Republic of Yemen	480	600	480		600
Peru	20,000	12,000			32,000
Philippines	20,000	20,000	10,000		30,000
Poland	150,000	50,000	150,000		50,000
Republic of Korea	14,000	10,000	14,000		10,000
Republic of Viet-Nam	1,000	1,000	1,000		1,000
Romania	66,666	33,333	22,222	(44,444)	33,333
Rwanda	3,000	1,500	3,000		1,500
Saudi Arabia	-	10,000	10,000		-
Sierra Leone	1,000	1,000			2,000
Singapore	2,000	1,000	2,000		1,000
Somalia	1,000	2,000	992	(8)	2,000
Sudan	20,000	10,000	10,000		20,000
Switzerland	231,481	-	231,481		-
Syria	2,500	-			2,500
Thailand	10,000	10,000	10,000		10,000
Togo	-	2,248			2,248
Trinidad and Tobago	10,000	5,000	10,000		5,000
Tunisia	10,000	5,000	10,000		5,000
Turkey	5,556	3,333	5,556		3,333
United Arab Republic	218,490	109,245	109,245		218,490
Union of Soviet Socialist Republics	1,666,668	555,556	1,666,668		555,556
United Republic of Tanzania	12,000	-	12,000		-
Upper Volta	-	5,000			5,000
Uruguay	5,000	5,000			10,000
Venezuela	40,000	20,089	20,000		40,089
Yugoslavia	175,000	100,000	175,000		100,000
Zambia	5,000	1,000	5,000		1,000
	<u>4,704,004</u>	<u>1,869,236</u>	<u>4,076,357</u>	<u>(215,355)</u>	<u>2,281,528</u>
Non-Governmental contributions	<u>2,500</u>	<u>2,500</u>			
Grand Total	<u>4,706,504</u>	<u>1,869,236</u>	<u>4,078,857</u>	<u>(215,355)</u>	<u>2,281,528</u>



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