

UNIT - II

International Monetary Fund Introduction:

The **International Monetary Fund (IMF)** is an international organization headquartered in Washington, D.C., of "189 countries working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty

Meaning

The **International Monetary Fund (IMF)** is the central institution embodying the international monetary system and promotes balanced expansion of world trade, reduced trade restrictions, stable exchange rates, minimal trade imbalances, avoidance of currency devaluations, and the correction of balance-of-payment problems.

Definition

Definition: The International Monetary Fund is an organization of 189 member countries. It stabilizes the global economy in three ways. First, it monitors global conditions and identifies risks. Second, it advises its members on how to improve their economies. Third, it provides technical assistance and [short-term loans](#) to prevent financial crises. The IMF's goal is to prevent these disasters by guiding its members.

History

In 2011, the IMF was rocked by a sex scandal involving its Executive Director, Dominique Strauss-Kahn. Polcie arrested him on allegations he sexually assaulted a hotel maid. Although the charges were subsequently dropped, he resigned.

Many emerging market members argued that it was time for a Director to come from one of their countries. That reflects the growing economic clout of these countries. They proposed many excellent candidates. They included Singapore Finance Minister Tharman Shanmugaratnam, former Turkish Economic Minister Kemal Dervis and India's Montek Singh Ahluwalia, a former IMF director. Instead, France replaced Strauss-Kahn with Lagarde, the country's respected Finance Minister.

The IMF was created at the 1944 Bretton Woods conference. It sought to rebuild Europe after World War II. The Conference also set up a modified gold standard to help countries maintain the value of their currencies. The planners wanted to avoid the trade barriers and high-interest rates that helped cause the Great Depression.

IMF Chief

The IMF chief has been Managing Director Christine Lagarde since July 5, 2011. She is Chairman of the 24-member Executive Board. It appointed her to a second renewable five-year term in February 2016. That's effective July 5, 2016.

The Managing Director is the chief of the IMF's 2,700 employees from 147 countries. She supervises four Deputy Managing Directors. (Source: "[IMF Reappoints Lagarde](#)," February 19, 2016.)

The IMF Governing Board sets direction and policies. Its members are the finance ministers or central bank leaders of the member countries. They meet each year in conjunction with the [World Bank](#). The International Monetary and Financial Committee meets twice a year. It reviews the international monetary system and makes recommendations.

(Source: "[IMF Governance Structure](#).")

Functions

Survey Global Conditions. The IMF has the rare ability to look into and review the economies of all its member countries. As a result, it has its finger on the pulse of the global economy better than any other organization.

The IMF produces a wealth of analytical reports thanks to that role.

It provides the [World Economic Outlook](#), the [Global Financial Stability Report](#), and the [Fiscal Monitor](#) each year. It also delves into regional and country-specific assessments. It uses this information to determine which countries need to improve their policies. The IMF can identify which ones threaten global stability. The member countries have agreed to listen to the IMF's recommendations. They want to improve their economies and remove these threats.

Advise Member Countries. Since the Mexican peso crisis of 1994–95 and the [Asian crisis](#) of 1997–98, the IMF has taken a more active role to help countries prevent financial crises. It develops standards that its members should follow.

For example, members agree to provide adequate [foreign exchange reserves](#) in good times. That helps them increase spending to boost their economies during [recessions](#). It reports on members' observance of these standards. It also issues member country reports that investors use to make well-informed decisions. That improves the functioning of [financial markets](#). The IMF encourage sustained growth and high living standards. That's the best way to reduce members' vulnerability to crises.

Provide Technical Assistance and Short-term Loans. The IMF provides loans to help its members tackle [balance of payments](#) problems, stabilize their economies, and restore [sustainable growth](#).

Since the Fund does lend money, it's often confused with the [World Bank](#). The Bank lends money to developing countries for specific projects that will fight poverty. Unlike the World Bank and other development agencies, the IMF does not finance projects.

Traditionally, most IMF borrowers were [developing countries](#). They had limited access to international capital markets due to their economic difficulties. An IMF loan signals that a country's economic policies are on the right track. That reassures investors and acts as a catalyst for attracting funds from other sources.

That shifted in 2010. The [eurozone crisis](#) prompted the IMF to provide short-term loans to [bail out Greece](#). That was within the IMF's charter since it prevented a global economic crisis.

Members

Rather than [listing all 189 members](#), it's easier to list the countries that are not members.

The seven countries (out of a total of 196 countries) that are not IMF members are: Cuba, East Timor, North Korea, Liechtenstein, Monaco, Taiwan and Vatican City. The IMF has 11 members that are not sovereign countries: Anguilla, Aruba, Barbados, Cabo Verde, Curacao, Hong Kong, Macao, Montserrat, Netherlands Antilles, Sint Maarten and Timor-Leste.

Members do not receive equal votes. Instead, they have voting shares based on a quota. The quota is based on their economic size. If they pay their quota, they receive the equivalent in voting shares. The number of voting shares was updated in 2010. That gave emerging market members more voting authority. Here are the [Member Quotas and Voting Shares](#).

Role

The role of the IMF has increased since the onset of the [2008 global financial crisis](#). In fact, an IMF surveillance report warned about [the economic crisis](#) but was ignored. As a result, the IMF has been called upon more and more to provide global economic surveillance. It's in the best position to do so because it requires members to subject their economic policies to IMF scrutiny. Member countries also committed to pursuing policies that are conducive to reasonable price stability. They agree to avoid manipulating [exchange rates](#) for unfair [competitive advantage](#).

World Bank

Definition: The World Bank is an international organization that helps [emerging market](#) countries reduce poverty. It is not a bank in the conventional sense of the word. Instead, it consists of two development institutions. One is the International Bank for Reconstruction and Development. The second is the International Development Association. The Bank's 189 member countries share ownership.

History

The 1944 [Bretton Woods](#) Conference established the World Bank. Its loans helped [European](#) countries rebuild after World War II. That made it the world's first multilateral development bank.

It was funded through the sale of [World Bonds](#). Its [first loans](#) were to France and other European countries. In the 1970s, it lent money to Chile, [Mexico](#) and [India](#) to build power plants and railways. By 1975, its loans had helped with a wide variety of issues. They included family planning, pollution control and environmental protections.

World Bank lending became controversial. Many countries used its loans to prevent [sovereign debt](#) default. Their debt was often a result of overspending and extensive borrowing. Even with the World Bank's help, many [countries](#) devalued their currencies. That caused [hyperinflation](#).

To combat this, the Bank required [austerity measures](#). The country had to agree to cut back on spending and support its currency. Unfortunately, that usually caused a recession, making it difficult to repay the Bank's loans.

The Bank works closely with three other organizations:

1. The International Finance Corporation
2. The Multilateral Guarantee Agency
3. The International Centre for the Settlement of Investment Disputes.

All five organizations make up the World Bank Group.

Purpose and Function

The World Bank provides low-interest loans, interest-free credit and grants. It focuses on improving education, health and infrastructure. It also uses funds to modernize a country's [financial sector](#), agriculture and [natural resources](#) management.

The Bank's stated purpose is to "bridge the economic divide between poor and rich countries." It does this by turning "rich country resources into poor country growth." It has a long-term vision to "achieve sustainable poverty reduction."

To achieve this goal, the Bank focuses on six areas:

1. Overcome poverty by spurring growth, especially in Africa.
2. Help reconstruct countries emerging from war, the biggest cause of extreme poverty.
3. Provide a customized solution to help middle-income countries remain out of poverty

International Financial Corporation

DEFINITION of 'International Finance Corporation' The **International Finance Corporation** (IFC) is an organization dedicated to helping the private sector within developing countries.

Objectives

International Finance Corporation (I.F.C.): Objectives and Working!

The International Finance Corporation was established in July 1956, with the specific subject of providing finance to the private sector.

Though it is affiliated to the World Bank, it is a separate legal entity with separate fund and functions. Members of the World Bank are eligible for its membership.

Asia Development Bank Meaning

The ADB was founded in 1966 with the goal of eradicating poverty in the region. It plays the following **functions** for countries in the **Asia** Pacific region: Provides loans and equity investments to its developing member countries (DMCs) ... Promotes and facilitates investment of public and private capital for **development**.

Membership:

From 31 members at its establishment in 1966, ADB has grown to encompass 67 members of which 48 are from within the Asia and Pacific region and 19 outside. Georgia is the 67th and newest member, having joined ADB effective 2 February 2007.

Organization Structure:

The highest decision making tier at ADB is its Board of Governors, to which each of ADB's 67 members nominate one Governor and an Alternate Governor to represent them. The Board of Governors meets formally once a year at an Annual Meeting held in a member country.

The Governors' day to day responsibilities are largely delegated to the 12-person Board of Directors, which performs its duties full time at ADB's Head Quarters in Manila.

The ADB President, under the Board's direction, conducts the business of ADB. The President is elected by the Board of Governors for a term of five years and may be re-elected.

Management:

The President is Chairperson of the Board of Directors and under the Board's direction conducts the business of ADB. He is responsible for the organization, appointment and dismissal of the officers and staff in accordance with regulations adopted by the Board of Directors. The President is elected by the Board of Governors for a term of five years and may be reelected. He is also the legal representative of ADB.

On 17 April 2006, the Board of Directors approved the recommendation on the reassignment of the functions and duties of the operations vice presidents. The President has also approved the structure of the four realigned regional departments, effective 1 May 2006.

The President now heads a management team comprising four Vice-Presidents and the Managing Director General, who supervise the work of ADB's operational, administrative and knowledge departments.

History of ADB:

ADB was conceived amid the postwar rehabilitation and reconstruction of the early 1960s. The vision was of a financial institution that would be Asian in character and foster economic growth and cooperation in the region then one of the poorest in the world.

A resolution passed at the first Ministerial Conference on Asian Economic Cooperation held by the United Nations Economic Commission for Asia and the Far East in 1963, set that vision on the way to becoming reality.

The Philippines capital of Manila was chosen to host the new institution, the Asian Development Bank which opened on 19 December 1966, with 31 members to serve a predominantly agricultural region. Takeshi Watanabe was the first President.

For the rest of the 1960s, ADB focused much of its assistance on food production and rural development. The next three years saw ADB's first technical assistance, loans (including a first on concessional terms in 1969) and bond issue (in Germany).

In 1970s:

Assistance expanded in the 1970s into education and health and then to infrastructure and industry. The gradual emergence of Asian economies in the late 1970s spurred demand for better

infrastructure to support economic growth. ADB focused on improving roads and providing electricity.

When the world suffered its first oil price shock, ADB shifted more of its assistance to support energy projects, especially those promoting the development of domestic energy sources in member countries.

Co-financing operations began to provide additional resources for ADB projects and programs.

1970 saw ADB's first bond issue in Asia worth \$16.7 million in Japan.

A major landmark was the establishment in 1974, of the Asian Development Fund to provide concessional lending to ADB's poorest members.

At the close of the decade, some Asian economies had improved considerably and graduated from ADB's regular assistance.

In 1980s:

It was also becoming clear that the private sector was an important ally in driving growth. ADB thus in the 1980s made its first direct equity investment. ADB also began to use its track record to mobilize additional resources for development from the private sector.

In the wake of the second oil crisis, ADB continued its support in the 1980s to infrastructure development, particularly energy projects. ADB also increased its support to social infrastructure, including gender, microfinance, environmental, education, urban planning and health issues.

In 1982, ADB opened its first field office, a Resident Mission in Bangladesh to bring operations closer to their intended beneficiaries. Later in the decade, ADB approved a policy supporting collaboration with non-government organizations to address the basic needs of disadvantaged groups in its developing member countries.

In 1990s:

The start of the 1990s saw ADB begin promoting regional cooperation, forging close ties among neighboring countries through an economic cooperation program.

In 1995, ADB became the first multilateral organization to have a Board-approved governance policy to ensure that development assistance fully benefits the poor. Policies on the inspection

function, involuntary resettlement and indigenous peoples designed to protect the rights of people affected by a project were also approved.

ADB's membership, meanwhile, continued to expand, with the addition of several Central Asian countries following the end of the Cold War.

But in mid-1997, a severe financial crisis hit the region, setting back Asia's spectacular economic gains. ADB responded with projects and programs to strengthen financial sectors and create social safety nets for the poor. ADB approved its largest single loan—a \$4 billion emergency loan to the Republic of Korea and established the Asian Currency Crisis Support Facility to accelerate assistance.

A milestone came in 1999 when, recognizing that development was still bypassing so many in the region, ADB adopted poverty reduction as its overarching goal.

Into the 21st Century:

The new century brought hope and tragedy, as well as a new focus on helping its developing members achieve the Millennium Development Goals and to enhance development effectiveness. In 2003 saw severe acute respiratory syndrome (SARS) hit the region, making it clear that fighting infectious diseases was a public good that required regional cooperation. ADB began providing support at national and regional levels to help countries more effectively respond to HIV/AIDS and the growing threat of.

ADB had to respond to other unprecedented natural disasters, committing more than \$850 million for recovery in areas of India, Indonesia, Maldives and Sri Lanka hit by the Asian tsunami disaster of December 2004 and a \$1 billion line of assistance to help victims of the October 2005 earthquake in Pakistan.

As 2007 drew to a close, ADB celebrated 41 years of fruitful cooperation with the governments and peoples of the Asia and Pacific region, looking back on phenomenal economic growth in the region alongside abiding development challenges.

Now in 2008, it is looking to the future with its Strategy 2020 that will determine the organization's future direction and vision for the next dozen years.

Priorities:

Dynamic economic development has substantially helped reduce poverty in Asia and the Pacific. Despite some spectacular progress over the last few decades, the region remains home to two thirds of the worlds poor. The number of people living in absolute poverty remains high at 903 million (2005).

While growth between 2005 and 2008 has further reduced poverty, the food and fuel price crisis in 2008 and the global recession starting 2009 has slowed down progress in poverty reduction substantively.

The region's economic growth has been accompanied by widening disparities both within and between countries. Such disparities, together with climate change and the mounting environmental costs of growth, threaten to undermine the region's development and stability. Partner governments therefore, emphasize the need to make growth and social development in the region more inclusive.

To fulfill its mission and realize its vision of an Asia and Pacific free of poverty, ADB will follow three complementary strategic agendas, as set out in Strategy 2020, ADB's long-term strategic framework: inclusive growth, environmentally sustainable growth and regional integration.

Inclusive growth and social development, addressing the environments of the poor and ensuring that the vulnerable and poor benefit from regional integration are ADB's specific contributions to poverty reduction in the Asia-Pacific region.

In this context, it will focus on five core areas of operation:

- i. Infrastructure
- ii. Environment, including climate change
- iii. Regional Cooperation and Integration
- iv. Finance Sector Development
- v. Education

ADB will continue to operate on a more selective basis in health, agriculture and disaster and emergency assistance.

ADB will focus its efforts on five drivers of change in the region:

- i. Private sector development and private sector operations
- ii. Good governance and capacity development
- iii. Gender equity
- iv. Knowledge solutions
- v. Partnerships

Operations:

ADB works in partnership with governments and public and private enterprises in its developing member countries on projects and programs that will contribute to economic and social development, based on the country's needs and priorities.

In 2008, ADB approved loans worth \$10.5 billion for 86 projects, most of which went to the public sector. Technical assistance, which is used to prepare and implement projects and support advisory and regional activities, amounted to \$274 million. Grant-financed projects totaled \$811 million.

Projects and Programs:

In the past 40 years, ADB has supported projects in agriculture and natural resources, energy, finance, industry and non-fuel minerals, social infrastructure and transport and communications. More than half of ADB's assistance has gone into building infrastructure – roads, airports, power plants and water and sanitation facilities. Such infrastructure helps lay the foundation for commerce and economic growth and makes essential services accessible to the poor.

Countries with limited debt repayment capacity in the region receive additional help through the Asian Development Fund (ADF), set up in 1973, to provide grants and low-interest loans.

Since 2000, ADF has helped build 38,000 schools and build or improve 6,700 health facilities. It has helped provide over 200,000 safe water connections; irrigate more than 300,000 hectares of land; and build or rehabilitate 42,000 kilometers of roads. ADB is quick to help when catastrophe strikes. It provides assistance in the wake of natural disasters, such as earthquakes and landslides, as well as in post-conflict situations.

Assistance to its developing member countries creates an enabling environment for private sector development. ADB also directly finances private sector projects to assist commercial investors and lenders. ADB has a triple-A credit rating and actively mobilizes financial resources through its co-financing operations, tapping official, commercial and export credit sources.

Partnerships:

ADB consults people from all sections of society to ensure that its projects, programs and strategies address their needs. The Country Partnership Strategy (formerly Country Strategy and Program), the main planning document at the country level, emphasizes consultations with the government, the private sector, civil society and all project stakeholders.

The strategy functions as a business plan composed of individual loan and technical assistance projects and programs planned for priority sectors and themes.

To ensure coherence over a wider geographical area, Regional Cooperation Strategies and Programs are prepared for the five sub-regions covered by ADB's regional operations.

The various stages that a project undergoes in its planning and execution from country programming to project completion and evaluation is collectively known as ADB's project cycle.

Financial Resources:

Carrying a triple-A credit rating, ADB raises funds through bond issues on the world's capital markets. It also utilizes its members' contributions and retained earnings from lending operations.

UNCTAD – United Nations Conference Trade and Development

The headquarters of the United Nations Conference on Trade and Development are located in the Palace of Nations (United Nations Office at **Geneva, Switzerland**). The United Nations Conference on Trade and Development (UNCTAD) was established in 1964 as a permanent intergovernmental body.

United Nations Conference on Trade and Development - Meaning

UNCTAD stands for United Nations Conference on Trade and Development. The United Nations Conference on Trade and Development (**UNCTAD**) was established in 1964 as a permanent intergovernmental body. It is the principal organ of the United Nations General Assembly dealing with trade, investment, and development issues.

UNCTAD Created

The United Nations Conference on Trade and Development (UNCTAD) was **established** as a subsidiary organ of the United Nations General Assembly to promote the integration of developing countries into the world economy in order to accelerate their development.

Present Chairman UNCTAD

The United Nations Secretary-General Ban Ki-moon has appointed Dr. **Mukhisa Kituyi** to be the next secretary-general of the United Nations Conference on Trade and Development (UNCTAD). An UNCTAD press release on May 16, 2013 stated that Dr. **Kituyi** will serve a four-year term beginning September 1, 2013.

UNIDO – United Nations Industrial Development Organization (UNIDO)

The **United Nations Industrial Development Organization (UNIDO)**, French/Spanish acronym ONUDI, is a specialized agency in the United Nations system, headquartered in Vienna, Austria

BACKGROUND:

Industrialization is one of the primary goals of the developing countries, to increase their share of world manufacturing output and decrease their dependence on imported goods and services and on their traditional raw-materials export economies. The United Nations Industrial Development Organization (UNIDO), the newest specialized agency of the UN, seeks to further that goal through its programs of technical cooperation with developing countries, designed to aid in the planning and implementation of industrial projects, the training of personnel in manufacturing and managerial skills, the transfer of technology and the provision of information, and the promotion of investment in industry in developing countries.

CREATION

UNIDO was established by the General Assembly in November 1966 as an autonomous organization within the UN to promote and accelerate the industrialization of developing countries and to coordinate the industrial development activities of the UN system.

The first General Conference of UNIDO was held in [Vienna](#) in 1971. The second General Conference, held in Lima in 1975, proposed the conversion of UNIDO into a specialized agency "in order to increase its ability to render assistance to developing countries in the most efficient ways." The conference also adopted the Lima Declaration and Plan of Action, which called for developing countries to reach the target of 25% of world industrial output by the year 2000.

In 1979, a conference of plenipotentiaries, meeting in Vienna, adopted a constitution for UNIDO, to become effective when at least 80 states had ratified it. This was achieved on 21 June 1985, and UNIDO's conversion into a specialized agency became effective on 1 January 1986.

PURPOSES

UNIDO's mandate from the General Assembly is to act as the central coordinating body for industrial activities within the United Nations system and to promote industrial development and cooperation at global, regional, national, and sectoral levels.

In the wake of the reorganization of the activities of the United Nations and its specialized agencies in the early 1990s, UNIDO identified five development objectives that provide a new conceptual framework for the organization's future programs:

- industrial and technological growth and competitiveness;
- human resource development;
- equitable development through industrialization;
- environmentally sustainable industrial development; and
- international cooperation in industrial investment and technology.

By applying its expertise at three levels—policy, institution, and enterprise—UNIDO acts as:

- the central coordinating agency for matters related to industrial development;
- a focal point for industrial technology;
- an honest broker for industrial cooperation;
- a center of excellence on industrial development issues; and
- a global source of industrial information.

MEMBERSHIP

As of 21 August 2003, UNIDO had a membership of 171, an increase of 21 countries since 1987. The growth in membership was mainly caused by the emergence of the newly independent nations of Central and Eastern Europe in the wake of the collapse of the [Soviet Union](#). A few of the most industrialized countries chose to withdraw from UNIDO, claiming that the organization is

inefficiently operated. In December 1995, the [United States](#) decided to withdraw, followed by [Germany](#) in November 1996 and the [United Kingdom](#) in December 1996. The United Kingdom and Germany later rejoined, but as of 2003, the United States had not.

STRUCTURE

The four organs of UNIDO are the General Conference, the Industrial Development Board, the program and budget committee, and the secretariat, headed by a Director-General.

General Conference

UNIDO's strategies and policies in regard to industrial development are outlined at its General Conference, which meets every two years and is composed of representatives of all members. Since the organization's inception, the General Conference has met in 1971 (Vienna), 1975 (Lima), 1980 ([New Delhi](#)), 1984 (Vienna), 1985 (Vienna—UNIDO's transition to a specialized agency), 1987 ([Bangkok](#)), 1989 and 1991 (Vienna), 1993 (Yaoundé), 1995, 1997, 1999, 2001, 2003, and 2005 (Vienna).

Industrial Development Board

The Industrial Development Board consists of 53 members elected by the General Conference for four-year terms. The board reviews the implementation of the work program and the budget and makes recommendations to the General Conference on policy matters, including the appointment of the Director-General, when required. It meets once during General Conference years, and twice in other years.

As of 2 December 2005 the members of the Industrial Development Board were: [Afghanistan](#), [Algeria](#), [Austria](#), [Belgium](#), [Bolivia](#), [Brazil](#), [Burkina Faso](#), [Chile](#), [China](#), [Colombia](#), Côte d'Ivoire, [Cuba](#), [Czech Republic](#), [Egypt](#), [Ethiopia](#), [France](#), Germany, [Ghana](#), [Greece](#), [Guatemala](#), [India](#), [Indonesia](#), [Iran](#) (Islamic Republic of), [Ireland](#), Italy, [Japan](#), [Kenya](#), Luxembourg, Mexico, Morocco, the [Netherlands](#), [Nigeria](#), [Norway](#), [Pakistan](#), [Paraguay](#), [Poland](#), Republic of [Korea](#), Russian Federation, [Saudi Arabia](#), [Senegal](#), [Slovakia](#), [South Africa](#), [Spain](#), [Sri Lanka](#), [Switzerland](#), Syrian Arab Republic, [Thailand](#), [Tunisia](#), [Turkey](#), [Ukraine](#), United Kingdom, [Uruguay](#), and Zimbabwe.

Program and Budget Committee

The program and budget committee is composed of 27 members elected for two-year terms. Member states meet once a year to assist the board in the preparation and examination of the work program, budget, and other financial matters.

As of 2 December 2005 the members were: Algeria, Austria, Burkina Faso, China, Côte d'Ivoire, Cuba, Ethiopia, France, Germany, Greece, Guatemala, [Hungary](#), Iran (Islamic Republic of), Italy, Japan, Democratic People's Republic of Korea, Republic of Korea, Mexico, Pakistan, [Peru](#), Poland, Russian Federation, South Africa, Switzerland, Tunisia, Turkey, and the United Kingdom.

Director-General and Secretariat

The Director-General of UNIDO, elected by the General Conference in December 2005 for a four-year term was Kandeh Yumkella of [Sierra Leone](#).

Prior to its conversion into a specialized agency, UNIDO was headed by an executive director appointed by the Secretary-General of the UN. The first two executive directors were Ibrahim Helmi Abdel-Rahman (1967–74) and Abd-El Rahman Khane (1975–85). Domingo L. Siazon, Jr., of the [Philippines](#) was the first Director General of UNIDO when it became a specialized agency in 1985. He served as Director General from 1985 to 1993, when he was succeeded by Mauricio de Maria y Campos of Mexico (to 1997). Carlos Alfredo Magarinos of [Argentina](#) served from 1997 to 2005.

UNIDO maintains a professional staff of more than 500 at its Vienna headquarters, including engineers, economists, and technology and environment specialists, and more than 100 in the field.

Offices

UNIDO is headquartered in Vienna, Austria. It maintains liaison offices at UN headquarters in [New York](#) and at the UN office in Geneva. UNIDO maintains 43 field offices worldwide. UNIDO operates Investment Promotion Units (IPUs) in Egypt, [Jordan](#), Morocco, Tunisia and [Uganda](#), all of which are financed by the Italian government, and an associate member in Turkey. It also has 35 National Cleaner Production Centers (NCPCs), established by UNIDO and UNEP, and 10 International Technology Centers in Brazil, China, India, Italy, the Republic of Korea, and the Russian Federation.

BUDGET

Funding for UNIDO activities is drawn from the regular budget, the operational budget, and voluntary contributions. The regular budget is derived from member states' assessed contributions. The operational budget is derived from the implementation of projects. The estimated volume of UNIDO operations for 2006-07 was €355.8 million. The breakup was as follows: regular budget €150.8 million, operational budget €19.9 million and anticipated voluntary contributions €185.1 million. Most costs of expert advice, equipment, and other forms of technical assistance, in partnership with and at the request of developing countries, are met by the UNDP, for which UNIDO is an executing agency. Special UNIDO projects use the Industrial Development Fund (IDF), established in 1976 with a "desirable funding level of us\$50 million annually." UNIDO annually awards about 200 contracts valued at about us\$20 million. Spending on training in the form of fellowships, study tours, and group training annually amounts to about us\$15 million.

ACTIVITIES

Forty-nine integrated programs were formulated and approved as of May 2006, most of which had been developed and were in operation.

A. Technical Cooperation

For 2005, UNIDO's programs and projects totaled approximately us\$463 million. Of that total, 41% had been allocated to sub-Saharan Africa and 43% to the least developed countries in the world.

UNIDO's objectives in technical cooperation are the following:

- To elaborate programs and projects for the industrial development of developing countries, including special measures for the least developed countries;
- To formulate policies and strategies for the development of UNIDO's operational activities, from different sources of finance and with particular focus on the country, subregion, and region concerned;
- To prepare technical cooperation programs and formulate specific projects, in collaboration with other UN bodies and with governments, as well as through participation in roundtable meetings or consultative groups;

- To help improve the effectiveness of technical cooperation programs by assessing the progress made and the results achieved by projects at intermediate and final stages and by feeding back into the programming process the results of their impact; and
- To maintain a program of UNIDO country directors that enhances the services rendered to the developing countries.