



United Nations Industrial Development Organization

Distr.: General
14 March 2007

Original: English

Programme and Budget Committee

Twenty-third session

Vienna, 2-4 May 2007

Item 2 of the provisional agenda

Adoption of the agenda

Annotated provisional agenda

Opening of the session

In accordance with rule 17.2 of the rules of procedure (UNIDO/4), the twenty-third session of the Programme and Budget Committee will be opened by the Chairperson of the Committee, Ms. Kongit Sinegiorgis (Ethiopia).

Item 1. Election of officers

In accordance with rule 17.1, each year, at the commencement of its regular session, the Committee shall elect from among the representatives of its members a Chairman and three Vice-Chairmen, and from among the delegations of its members a Rapporteur. Rule 17.3 stipulates that the offices of the Chairperson, the three Vice-Chairpersons and the Rapporteur shall be subject to equitable geographical rotation within a five-year cycle in accordance with appendix A to the rules of procedure. According to that appendix, the Chairman of the twenty-third session should be elected from members of the Committee from States in List B, and the three Vice-Chairmen from African States in List A, Asian States in List A and States in List D. The Rapporteur should be elected from members of the Committee from the States included in List C.

Item 2. Adoption of the agenda

A provisional agenda for the twenty-third session, prepared by the Director-General in consultation with the Chairperson of the Committee in accordance with rules 8 and 9 of the rules of procedure, is submitted to the Committee for adoption in document PBC.23/1 as stipulated in rule 12.

The Committee will have before it:

- Provisional agenda (PBC.23/1)
- Annotated provisional agenda (PBC.23/1/Add.1)

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.



- List of documents (PBC.23/CRP.1)

Item 3. Interim report of the External Auditor, including implementation of the recommendations of the External Auditor for the biennium 2004-2005; financial performance report and programme performance report for the biennium 2006-2007

At its twenty-sixth session, the Board requested the External Auditor to submit each year in time for the Committee session a short interim report on the activities carried out by the External Auditor and any recommendations resulting therefrom (IDB.26/Dec.2, para. (h) (ii)). Furthermore, in decision IDB.32/Dec.2 on the report of the External Auditor for the period 2004-2005, the Board, inter alia, requested the Director-General to continue implementing the recommendations of the External Auditor and to report thereon to the Board at its thirty-third session. The interim report of the External Auditor will include the Director-General's observations on the implementation of the recommendations of the External Auditor.

Financial regulation 10.6 stipulates that, at the beginning of the second calendar year of each fiscal period, the Director-General shall submit to the Committee an interim financial report on significant financial developments that have affected the Organization during the first calendar year of the fiscal period concerned.

Furthermore, the Committee in its conclusion 1987/19 requested the Director-General to submit each year to the Board, through the Committee, a clear and detailed financial performance report itemizing the utilization of financial resources, as well as a programme performance report describing the level of programme implementation. Subsequently, upon recommendation of the Committee and the Board, the General Conference requested the Director-General to incorporate fully in the annual reports the programme performance report for the relevant period (GC.4/Res.2). Thus, the *Annual Report of UNIDO 2006* contains the programme performance report for 2006. This information is supplemented by the financial statements, which continue to be issued as part of the interim financial performance report.

The Committee will have before it:

- Interim report of the External Auditor (PBC.23/8-IDB.33/8)
- Interim financial performance report for the biennium 2006-2007. Submitted by the Director-General (PBC.23/9-IDB.33/9)
- *Annual Report of UNIDO 2006* (including interim programme performance report for the biennium 2006-2007) (PBC.23/2-IDB.33/2)

Item 4. Financial situation of UNIDO

The report by the Director-General to the Board at its thirty-second session (IDB.32/7), amended through a note by the Secretariat (IDB.32/CRP.2), covered a wide range of issues within the context of the financial situation. That information will be updated in a document submitted to the present session.

The Committee will thus have before it:

- Financial situation of UNIDO. Report by the Director-General (PBC.23/10-IDB.33/10)

Item 5. Programme and budgets, 2008-2009

In accordance with Articles 14.1 and 14.2 of the Constitution, the Director-General shall prepare and submit to the Board through the Committee 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. The 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 budget and the operational budget. Such recommendations of the Committee shall require a two-thirds majority of the members present and voting.

In compliance with decision GC.11/Dec.18 (f) the budget proposals for 2008-2009 will have a comparative basis to the approved amount of gross expenditures for 2006-2007. The documentation will also address decision IDB.32/Dec.5 (c) on the adoption of IPSAS, in which the Board, inter alia, requested the Director-General to proceed with the assessment, planning and estimation of project costs for inclusion in the proposals for the programme and budgets for the biennium 2008-2009.

The Committee will have before it:

- Programme and budgets, 2008-2009. Proposals of the Director-General (PBC.23/7-IDB.33/7)

Item 6. Scale of assessments for apportionment of the regular budget expenses for the biennium 2008-2009

The General Conference at its twelfth session will have to establish a scale of assessments for the years 2008 and 2009. In accordance with Article 10.4 (b) of the Constitution, the Committee shall prepare the draft scale of assessments for regular budget expenditures, for submission to the Board. Article 15.2 of the Constitution stipulates that the scale of assessments shall be based to the extent possible on the scale most recently employed by the United Nations. The Committee will be provided with the latest information concerning the United Nations scale of assessments applicable for the years 2008 and 2009 and any adjustments that might be required for UNIDO.

The Committee will have before it:

- Scale of assessments for the fiscal period 2008-2009. Note by the Secretariat (PBC.23/3-IDB.33/3)

Item 7. Working Capital Fund for the biennium 2008-2009

In accordance with financial regulation 5.4 paragraph (a), the Committee should recommend to the Board the amount and purposes of the Working Capital Fund for the biennium 2008-2009. At its eleventh session, the General Conference decided (GC.11/Dec.14) that the level of the Working Capital Fund should remain at

€7,423,030 and that the authorized purposes of the Fund for the biennium 2006-2007 should remain the same as for the biennium 2004-2005, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b).

The Committee will have before it:

- Working Capital Fund for the biennium 2008-2009. Proposals by the Director-General (PBC.23/4-IDB.33/4)

Item 8. Accounting standards

At its thirty-second session, the Board was presented with a report by the Director-General on International Public Sector Accounting Standards (IPSAS) in document IDB.32/12. In its decision IDB.32/Dec.5 the Board agreed, in principle, to the adoption of IPSAS by UNIDO, as part of a United Nations system-wide adoption of IPSAS by 2010. In paragraph (d) of that decision, the Board, inter alia, requested that the Member States be kept informed of the developments in the adoption of IPSAS.

The Committee will have before it:

- International Public Sector Accounting Standards. Note by the Secretariat (PBC.23/5-IDB.33/5)

Item 9. Mobilization of financial resources

The *Annual Report of UNIDO 2006* provides information on the mobilization of financial resources during that year.

The Committee will have before it:

- Information on the mobilization of financial resources, contained in the *Annual Report of UNIDO 2006* (PBC.23/2-IDB.33/2)
- Projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2006 (PBC.23/CRP.2)

Item 10. Appointment of an External Auditor

In accordance with financial 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 General Conference. The Conference, by decision GC.11/Dec.16, decided to extend the appointment of the Auditor-General of South Africa as the External Auditor of UNIDO for a period of two years, from 1 July 2006 to 30 June 2008.

In decision GC.6/Dec.18, the Conference requested the Director-General to invite proposals from Member States for the appointment of an External Auditor and to submit such proposals to the Committee for consideration. A report will be issued to the Committee concerning proposals received.

The Committee will have before it:

- Candidatures for the appointment of an External Auditor. Report by the Director-General (PBC.23/6-IDB.33/6)

Item 11. Date of the twenty-fourth session

The following dates have been reserved for the policy-making organs of UNIDO in 2007 and 2008:

25-27 June 2007	Industrial Development Board, thirty-third session
3-7 December 2007	General Conference, twelfth session
12-16 May 2008 (tentative)	Industrial Development Board, thirty-fourth session
1-5 September 2008 (tentative)	Programme and Budget Committee, twenty-fourth session
1-5 December 2008 (tentative)	Industrial Development Board, thirty-fifth session

Item 12. Adoption of the report
