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Agenda item 4

Report of the Programme and Budget Committee

**Report of the Programme and Budget Committee on the
work of its twenty-third session (2-4 May 2007)**

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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.

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Introduction

1. The Programme and Budget Committee held its twenty-third session at UNIDO Headquarters, Vienna International Centre, from 2 to 3 May 2007. All 27 Members of the Committee participated in the session: Algeria, Austria, Burkina Faso, China, Côte d'Ivoire, Cuba, Democratic People's Republic of Korea, Ethiopia, France, Germany, Greece, Guatemala, Hungary, Iran (Islamic Republic of), Italy, Japan, Mexico, Pakistan, Peru, Poland, Republic of Korea, Russian Federation, South Africa, Switzerland, Tunisia, Turkey and United Kingdom of Great Britain and Northern Ireland.
2. The following 52 Members of UNIDO also attended the session: Afghanistan, Albania, Angola, Argentina, Azerbaijan, Belarus, Bolivia, Brazil, Chile, Colombia, Croatia, Czech Republic, Dominican Republic, Ecuador, Egypt, Finland, Gambia, India, Indonesia, Ireland, Jordan, Kenya, Kuwait, Lebanon, Libyan Arab Jamahiriya, Lithuania, Luxembourg, Malaysia, Malta, Mongolia, Morocco, Namibia, Netherlands, Nicaragua, Norway, Oman, Philippines, Portugal, Romania, Saudi Arabia, Serbia, Slovakia, Slovenia, Spain, Sri Lanka, Sudan, Syrian Arab Republic, Thailand, The former Yugoslav Republic of Macedonia, Uruguay, Venezuela (Bolivarian Republic of) and Zimbabwe.
3. The following organizations were represented: International Atomic Energy Agency, European Community, International Organization for Migration, League of Arab States and Organization of the Petroleum Exporting Countries.
4. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation Mr. R. Schaller (Switzerland) as Chairman; Ms. T. Feroukhi (Algeria), Mr. A. Shaghghi (Iran, Islamic Republic of) and Mr. S. Radomski (Poland) as Vice-Chairs; and Mr. L. Luna (Peru) as Rapporteur.
5. The agenda for the twenty-third session as adopted by the Committee is contained in document PBC.23/1. Following the adoption of the agenda, the Director-General made an introductory statement that was duly taken into account by the Committee in the consideration of the relevant agenda items.
6. Regional groups and some delegations intervened on diverse items of the agenda.
7. The report of the Programme and Budget Committee is submitted to the Industrial Development Board in accordance with Article 10.4 (d) of the Constitution.
8. The report contains the conclusions reached by the Committee. The annex to the present report contains a list of documents submitted to the Committee at its current session.
9. The following conclusions of the Committee contain recommendations that call for action by the Board at its thirty-third session or are of relevance to the work of that session:

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2007/3	Scale of assessments, 2008-2009	4
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2007/5	Accounting standards	6
2007/6	Financial situation	6
2007/7	Date of the twenty-fourth session	7

I. Organizational and procedural matters

10. On 2 May, the Committee considered a proposal by the Chairman to optimize the utilization of available conference-servicing resources and adopted the following conclusion:

Conclusion 2007/1 Utilization of available conference-servicing resources

The Committee, with the aim of utilizing the available conference-servicing resources to the maximum extent possible, decided to suspend with immediate effect rule 24 of its rules of procedure relating to the quorum, for the meetings of its twenty-third session only, provided no substantive conclusions were taken at those meetings.

11. The Committee decided to set up informal, in-session consultations with the aim of facilitating the drafting of conclusions and entrusted Vice-Chairperson Ms. T. Feroukhi (Algeria) to chair those consultations.

II. Interim report of the External Auditor, including the 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 (item 3)

12. On 2 May, the Committee considered the interim report of the External Auditor (PBC.23/8), the interim financial performance report for the biennium 2006-2007, submitted by the Director-General (PBC.23/9) and the *Annual Report of UNIDO 2006* (including the interim programme performance report for the biennium 2006-2007) (PBC.23/2).

13. On 3 May, at the suggestion of the Chairman, the Committee took note of the information provided by the External Auditor on item 3 and the information contained in the *Annual Report of UNIDO 2006*.

III. Programme and budgets, 2008-2009 (item 5); Scale of assessments for apportionment of the regular budget expenses for the biennium 2008-2009 (item 6); Working Capital Fund for the biennium 2008 2009 (item 7)

14. The Committee decided to discuss simultaneously items 5, 6 and 7.

A. Programme and budgets, 2008-2009 (item 5)

15. On 2 and 3 May, the Committee considered the proposals by the Director-General for the programme and budgets, 2008-2009 (PBC.23/7 and Corr.1).

16. On 3 May, after consideration of a draft conclusion on the programme and budgets, 2008-2009, submitted by the Chairman (PBC.23/L.7), the Committee adopted the following conclusion:

Conclusion 2007/2 Programme and budgets, 2008-2009

The Programme and Budget Committee:

(a) Took note of the proposed programme and budgets, 2008-2009, as contained in document PBC.23/7 and Corr.1;

(b) Entrusted the Vice-Chair of the Committee to conduct open-ended informal consultations on possible savings to be identified in coordination with the Secretariat in the proposed programme and budgets, 2008-2009;

(c) Taking into consideration the outcome of the informal consultations as stipulated in paragraph (b), requested the UNIDO Secretariat to provide Member States with adjustments, if necessary, to document PBC.23/7 and Corr.1 for consideration by the thirty-third session of the Industrial Development Board.

B. Scale of assessments for apportionment of the regular budget expenses for the biennium 2008-2009 (item 6)

17. On 2 and 3 May, the Committee considered a note by the Secretariat on the scale of assessments for the fiscal period 2008-2009 (PBC.23/3).

18. On 3 May, after consideration of a draft conclusion on the scale of assessments, 2008-2009, submitted by the Chairman (PBC.23/L.3), the Committee adopted the following conclusion:

Conclusion 2007/3 Scale of assessments, 2008-2009

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

“The Industrial Development Board:

“(a) Takes note of the information provided in document IDB.33/3-PBC.23/3; and

“(b) Recommends to the General Conference the establishment of a scale of assessments for the regular budget expenditures of UNIDO for the fiscal period 2008-2009, based on United Nations General Assembly resolution 61/237, adjusted to the membership of UNIDO on the understanding that new Members shall be assessed for the year in which they become Members on the basis of the United Nations scale of assessments, as applicable to UNIDO.”

C. Working Capital Fund for the biennium 2008-2009 (item 7)

19. On 2 and 3 May, the Committee considered the proposals by the Director-General on the Working Capital Fund for the biennium 2008-2009 (PBC.23/4).

20. On 3 May, after consideration of a draft conclusion on the Working Capital Fund for the biennium 2008-2009, submitted by the Chairman (PBC.23/L.4), the Committee adopted the following conclusion:

Conclusion 2007/4 Working Capital Fund for the biennium 2008-2009

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

“The Industrial Development Board:

“(a) Takes note of the information provided in document IDB.33/4-PBC.23/4;

“(b) Recommends to the General Conference that the level of the Working Capital Fund for the biennium 2008-2009 should remain at €7,423,030 and that the authorized purposes of the Fund for the biennium 2008-2009 should remain the same as for the biennium 2006-2007, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b);

“(c) Urges Member States to pay their outstanding assessed contributions as soon as possible to minimize the need to withdraw sums from the Working Capital Fund to meet shortfalls in the payment of assessed contributions.”

IV. Accounting standards (item 8)

21. On 2 May, the Committee considered a note by the Secretariat on the International Public Accounting Standards (PBC.23/5) and a conference room paper prepared by the Secretariat on International Public Sector Accounting Standards (PBC.23/CRP.5).

22. On 3 May, after consideration of a draft conclusion on accounting standards, submitted by the Chairman (PBC.23/L.5), the Committee adopted the following conclusion:

Conclusion 2007/5 Accounting standards

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

“The Industrial Development Board:

“(a) Takes note of the information provided in document IDB.33/5-PBC.23/5;

“(b) Recommends to the General Conference the adoption of the International Public Sector Accounting Standards by UNIDO, as part of the United Nations system-wide adoption of those Standards by 1 January 2010;

“(c) Requests that the policymaking organs be kept informed of developments relevant to UNIDO with respect to International Public Sector Accounting Standards.”

V. Financial situation of UNIDO (item 4); Mobilization of financial resources (item 9)

23. The Committee decided to discuss simultaneously items 4 and 9.

A. Financial situation of UNIDO (item 4)

24. On 2 and 3 May, the Committee considered a report by the Director-General (PBC.23/10) and a conference room paper prepared by the Secretariat on the financial situation of UNIDO (PBC.23/CRP.4).

25. On 3 May, after consideration of a draft conclusion on the financial situation, submitted by the Chairman (PBC.23/L.2), the Committee adopted the following conclusion:

Conclusion 2007/6 Financial situation

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

“The Industrial Development Board:

“(a) Takes note of the information provided in document IDB.33/10-PBC.23/10;

“(b) Welcomes the highest collection rate of 93.7 per cent, recorded in 2006;

“(c) Urges those Member States and former Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years' arrears, to do so without delay;

“(d) Requests the Director-General to pursue his efforts and contacts with Member States and former Member States to effect the collection of arrears.”

B. Mobilization of financial resources (item 9)

26. On 2 and 3 May, the Committee considered the information contained in the *Annual Report of UNIDO 2006* on the mobilization of financial resources (PBC.23/2, chapter 2.C) and a conference room paper prepared by the Secretariat on projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2006 (PBC.23/CRP.2).

27. On 3 May, at the suggestion of the Chairman, the Committee took note of the information contained in the *Annual Report of UNIDO 2006* and the information provided by the Secretariat on item 9.

VI. Appointment of an External Auditor (item 10)

28. On 3 May, the Committee considered a report by the Director-General on candidatures for the appointment of an External Auditor (PBC.23/6 and Add.1) and a note by the Secretariat on candidatures for the appointment of an External Auditor (PBC.23/CRP.3).

29. On 3 May, at the suggestion of the Chairman, the Committee took note of the withdrawal of the candidature of the Deputy Auditor General of the Republic of Ghana for the position of External Auditor of UNIDO.

VII. Date of the twenty-fourth session (item 11)

30. On 3 May, the Committee took note of the entry contained in the annotated agenda (PBC.23/1/Add.1) on the dates reserved for the policymaking organs of UNIDO in 2007 and 2008.

31. On 3 May, after consideration of a draft conclusion on the date of the twenty-fourth session, submitted by the Chairman (PBC.23/L.6), the Committee adopted the following conclusion:

Conclusion 2007/7 Date of the twenty-fourth session

The Programme and Budget Committee decided to hold its twenty-fourth session from 3 to 4 September 2008.

VIII. Adoption of the report (item 12) and closure of the twenty-third session

32. On 3 May, the Committee adopted the draft report of its twenty-third session (PBC.23/L.1) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

33. The Committee closed its twenty-third session at 6:15 p.m. on 3 May 2007.

Annex

List of documents submitted to the twenty-third session

<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
PBC.23/1	2	Provisional agenda
PBC.23/1/Add.1	2	Annotated provisional agenda
PBC.23/2-IDB.33/2	3, 9	Annual Report of UNIDO 2006 (including interim programme performance report for the biennium 2006-2007)
PBC.23/3-IDB.33/3	6	Scale of assessments for the fiscal period 2008-2009. Note by the Secretariat
PBC.23/4-IDB.33/4	7	Working Capital Fund for the biennium 2008-2009. Proposals by the Director-General
PBC.23/5-IDB.33/5	8	International Public Sector Accounting Standards. Note by the Secretariat
PBC.23/6-IDB.33/6 and Add.1	10	Candidatures for the appointment of an External Auditor. Report by the Director-General
PBC.23/7-IDB.33/7 and Corr.1	5	Programme and budgets, 2008-2009. Proposals of the Director-General
PBC.23/8-IDB.33/8	3	Interim report of the External Auditor
PBC.23/9-IDB.33/9	3	Interim financial performance report for the biennium 2006-2007. Submitted by the Director-General
PBC.23/10-IDB.33/10	4	Financial situation of UNIDO. Report by the Director-General
Conference room papers		
PBC.23/CRP.1	2	List of documents
PBC.23/CRP.2	9	Projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2006. Prepared by the Secretariat
PBC.23/CRP.3	10	Candidatures for the appointment of an External Auditor. Note by the Secretariat
PBC.23/CRP.4	4	Status of assessed contributions. Note by the Secretariat
PBC.23/CRP.5	5	International Public Sector Accounting Standards: Additional information on resource estimates. Note by the Secretariat
PBC.23/CRP.6	-	List of participants