



Industrial Development Board

Thirty-sixth session

Vienna, 23-26 June 2009

Agenda item 5

Report of the Programme and Budget Committee

Report of the Programme and Budget Committee on the work of its twenty-fifth session (5-7 May 2009)

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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.



Introduction

1. The Programme and Budget Committee held its twenty-fifth session at UNIDO Headquarters, Vienna International Centre, from 5 to 7 May 2009. All 27 Members of the Committee participated in the session: Algeria, Austria, China, Colombia, Côte d'Ivoire, Cuba, Ecuador, France, Germany, India, Indonesia, Italy, Japan, Libyan Arab Jamahiriya, Mexico, Norway, Pakistan, Poland, Republic of Korea, Russian Federation, South Africa, Sudan, Switzerland, Tunisia, Turkey, Ukraine and United Kingdom of Great Britain and Northern Ireland.

2. The following 59 Members of UNIDO also attended the session: Afghanistan, Albania, Angola, Argentina, Azerbaijan, Belarus, Belgium, Bolivia (Plurinational State of), Brazil, Bulgaria, Burkina Faso, Cape Verde, Chile, Costa Rica, Croatia, Cyprus, Czech Republic, Democratic People's Republic of Korea, Dominican Republic, Egypt, El Salvador, Ethiopia, Gambia, Greece, Guatemala, Iran (Islamic Republic of), Ireland, Israel, Jordan, Kuwait, Lebanon, Lithuania, Malaysia, Malta, Mongolia, Morocco, Namibia, Netherlands, New Zealand, Nicaragua, Oman, Panama, Paraguay, Peru, Philippines, Romania, Saudi Arabia, Serbia, Slovakia, Slovenia, Spain, Sri Lanka, Syrian Arab Republic, Thailand, The former Yugoslav Republic of Macedonia, United Arab Emirates, Venezuela (Bolivarian Republic of), Viet Nam and Zimbabwe.

3. The following organizations were represented: Food and Agriculture Organization of the United Nations (FAO), International Atomic Energy Agency (IAEA), African Union, Arab Industrial Development and Mining Organization and Asian-African Legal Consultative Organization.

4. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation Mr. O. Herasymenko (Ukraine) as Chairman; H. E. Mr. Shahbaz (Pakistan), Mr. U. Canchola Gutierrez (Mexico) and Mr. A. Mogadingwane (South Africa) as Vice-Chairs; and Mr. S. Guétaz (France) as Rapporteur.

5. The agenda for the twenty-fifth session as adopted by the Committee is contained in document PBC.25/1. 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. 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.

7. The report contains the conclusions reached by the Committee. Annex II to the present report contains a list of documents submitted to the Committee at its current session.

8. The following conclusions of the Committee contain recommendations that call for action by the Board at its thirty-sixth session or are of relevance to the work of that session:

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2009/2	Financial situation of UNIDO	4
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I. Organizational and procedural matters

9. On 5 May, the Committee considered a proposal by the Chairman to optimize the utilization of available conference-servicing resources and adopted the following conclusion:

Conclusion 2009/1 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-fifth session only, provided no substantive conclusions were taken at those meetings.

10. The Committee decided to set up informal, in-session consultations with the aim of facilitating the drafting of conclusions and entrusted Vice-Chairman H. E. Mr. Shahbaz (Pakistan) to chair those consultations.

II. Interim report of the External Auditor, including the implementation of the recommendations of the External Auditor for the biennium 2006-2007; financial performance report and programme performance report for the biennium 2008-2009 (item 3)

11. On 5 May, the Committee considered the interim report of the External Auditor (PBC.25/8), the interim financial performance report for the biennium 2008-2009, submitted by the Director-General (PBC.25/9) and the *Annual Report of UNIDO 2008* (including the interim programme performance report for the biennium 2008-2009) (PBC.25/2).

12. On 7 May, at the suggestion of the Chairman, the Committee took note of the information provided by the Director-General on item 3.

III. Financial situation of UNIDO (item 4); Programme and budgets, 2010-2011 (item 5); Scale of assessments for apportionment of the regular budget expenses for the biennium 2010-2011 (item 6); Working Capital Fund for the biennium 2010-2011 (item 7)

13. The Committee decided to discuss simultaneously items 4, 5, 6 and 7.

A. Financial situation of UNIDO (item 4)

14. On 5 May, the Committee considered a report by the Director-General on the financial situation of UNIDO (PBC.25/5).

15. On 7 May, after consideration of a draft conclusion on the financial situation of UNIDO, submitted by the Chairman (PBC.25/L.2), the Committee adopted the following conclusion:

Conclusion 2009/2 Financial situation of UNIDO

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.36/5–PBC.25/5;

“(b) 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;

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

B. Programme and budgets, 2010-2011 (item 5)

16. On 5 May, the Committee considered the proposals by the Director-General for the programme and budgets, 2010-2011 (PBC.25/7) and a note by the Director-General on unutilized balances of appropriations (PBC.25/12).

17. On 7 May, after consideration of a draft conclusion on unutilized balances of appropriations (PBC.25/L.3), the Committee adopted the following conclusion:

Conclusion 2009/3 Unutilized balances of appropriations

“The Programme and Budget Committee:

“(a) Took note of the document IDB.36/12–PBC.25/12 on unutilized balances of appropriations;

“(b) Decided that unspent balances of collections for the biennium 2006-2007 that amounted to €6.8 million should be returned to Member States in accordance with the relevant Financial Regulations of UNIDO;

“(c) Entrusted the Vice-Chair of the Committee to conduct open-ended informal consultations on the way to deal with the remaining amount of unutilized balances due to Member States in 2010, taking into account, in particular, the proposed use of unutilized balances in 2010-2011 contained in document IDB.36/12–PBC.25/12 and views expressed by Member States on this issue at the twenty-fifth session of the Programme and Budget Committee;

“(d) Taking into consideration the outcome of the informal consultations as stipulated in paragraph (c), requested the UNIDO Secretariat to provide Member States with a revised proposal on the return or use of the remaining amount of unutilized balances ten days before the thirty-sixth session of the Industrial Development Board.”

18. On 7 May, after consideration of a draft conclusion on programme and budgets, 2010-2011 (PBC.25/L.8), the Committee adopted the following conclusion:

Conclusion 2009/4 Programme and budgets, 2010-2011

The Programme and Budget Committee, having considered the recommendations of the Director-General, recommended to the Industrial Development Board the adoption of the following draft decision:

“The Industrial Development Board:

“(a) Having considered the programme and budgets for the biennium 2010-2011 as contained in document IDB.36/7–PBC.25/7;

“(b) Recommends to the General Conference the approval of estimates of regular budget gross expenditures of €161,819,688 to be financed from assessed contributions in the amount of €156,609,188 and other income of €5,210,500;

“(c) Also recommends to the General Conference the approval of estimates of gross expenditures totalling €22,806,877 for the purpose of the operational budget for the biennium 2010-2011 to be financed from voluntary contributions in the amount of €22,187,677 and other income amounting to €619,200 as may be provided for in the financial regulations;

“(d) Further recommends to the General Conference the approval of the partial utilization of the accumulated balance of the reserve for exchange rate fluctuations to finance any shortfall in the income estimates in order to fully implement the programmes as described in document IDB.36/7–PBC.25/7.”

C. Scale of assessments for apportionment of the regular budget expenses for the biennium 2010-2011 (item 6)

19. On 5 May, the Committee considered a note by the Secretariat on the scale of assessments for the fiscal period 2010-2011 (PBC.25/3).

20. On 7 May, after consideration of a draft conclusion on the scale of assessments for apportionment of the regular budget expenses for the biennium 2010-2011, submitted by the Chairman (PBC.25/L.4), the Committee adopted the following conclusion:

Conclusion 2009/5 Scale of assessments for apportionment of the regular budget expenses for the biennium 2010-2011

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 document IDB.36/3–PBC.25/3;

“(b) Recommends to the General Conference the establishment of a scale of assessments for the regular budget expenditures of UNIDO for the fiscal period 2010-2011, based on the United Nations General Assembly resolution 61/237, or any subsequent General Assembly resolution on scale of assessments for the apportionment of the expenses of the United Nations adopted prior to the thirteenth session of the General Conference, 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.”

D. Working Capital Fund for the biennium 2010-2011 (item 7)

21. On 5 May, the Committee considered the proposals by the Director-General on the Working Capital Fund for the biennium 2010-2011 (PBC.25/4).

22. On 7 May, after consideration of a draft conclusion on the Working Capital Fund for the biennium 2010-2011 submitted by the Chairman (PBC.25/L.5), the Committee adopted the following conclusion:

Conclusion 2009/6 Working Capital Fund for the biennium 2010-2011

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 document IDB.36/4–PBC.25/4;

“(b) Recommends to the General Conference that the level of the Working Capital Fund for the biennium 2010-2011 should remain at €7,423,030 and that the authorized purposes of the Fund for the biennium 2010-2011 should remain the same as for the biennium 2008-2009, 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); Financial regulations (item 9)

23. The Committee decided to discuss simultaneously items 8 and 9.

A. Accounting standards (item 8)

24. On 5 May, the Committee considered a progress report by the Secretariat on International Public Sector Accounting Standards (PBC.25/6).

25. On 7 May, on the suggestion of the Chairman, the Committee took note of the information provided by the Secretariat on item 8.

B. Financial regulations (item 9)

26. On 5 May, the Committee considered a note by the Secretariat on financial regulations of UNIDO (PBC.25/11).

27. On 7 May, after consideration of a draft conclusion on financial regulations of UNIDO submitted by the Chairman (PBC.25/L.6), the Committee adopted the following conclusion:

Conclusion 2009/7 Financial regulations of UNIDO

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 contained in document IDB.36/11–PBC.25/11;

“(b) Decides to submit to the General Conference at its thirteenth session for consideration and adoption the interim amendments to the Financial Regulations of UNIDO as set out in the annex of document IDB.36/11-PBC.25/11 and deemed necessary for IPSAS adoption effective 1 January 2010;

“(c) Requests the External Auditor to conduct the annual financial audit for the year 2010 within the approved budgetary provisions for external audit fees.”

V. Mobilization of financial resources (item 10)

28. On 6 May, the Committee considered the information contained in the *Annual Report of UNIDO 2008* on the mobilization of financial resources (PBC.25/2, chapter 1.B) and a conference room paper prepared by the Secretariat on projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2008 (PBC.25/CRP.2).

29. On 7 May, on the suggestion of the Chairman, the Committee took note of the information contained in the *Annual Report of UNIDO 2008* and the information provided by the Secretariat on item 10.

VI. Appointment of an External Auditor (item 11)

30. On 6 May, the Committee considered a report by the Director-General on candidatures for the appointment of an External Auditor (PBC.25/10) and (PBC.25/10/Add.1), and a conference room paper prepared by the Secretariat (PBC.25/CRP.3).

31. On 7 May, at the suggestion of the Chairman, the Committee took note of the information provided by the Director-General and the Secretariat on item 11.

VII. Date of the twenty-sixth session (item 12)

32. On 6 May, the Committee took note of the entry contained in the annotated agenda (PBC.25/1/Add.1) on the dates reserved for the policymaking organs of UNIDO in 2009 and 2010.

33. On 7 May, after consideration of a draft conclusion on the date of the twenty-sixth session, submitted by the Chairman (PBC.25/L.7), the Committee adopted the following conclusion:

Conclusion 2009/8 Date of the twenty-sixth session

The Programme and Budget Committee decided to hold its twenty-sixth session from 7 to 8 September 2010.

VIII. Adoption of the report (item 13) and closure of the twenty-fifth session

34. On 7 May, the Committee adopted the draft report of its twenty-fifth session (PBC.25/L.1) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

35. The Committee closed its twenty-fifth session at 4:50 p.m. on 7 May 2009.

Annex I

Statements by delegations

1. The present annex contains statements made in connection with agenda items 5 and 10; these statements have been included at the request of the delegations concerned and agreed to by the Chairman.

Item 5: Draft conclusion entitled *Strengthening the role of agro-industries in the developing countries*, tabled by India on 6 May 2009

2. The representative from **Argentina (on behalf of the Group of 77 and China)** announced that the Group had decided to withdraw the text of the conclusion proposed by the representative of India as it was not possible to address the core of the matter. The Group decided to present the issue to the thirty-sixth session of the Board with a draft resolution.

Item 10: Mobilization of financial resources

3. The representative from **Bolivia (on behalf of GRULAC)** said that the Group still had concerns regarding item 10. The Group felt that, in its reply on this agenda item, the Secretariat did not address the concerns expressed by GRULAC that Latin American and Caribbean countries had the lowest levels of funds dedicated to technical cooperation activities. He called upon the Secretariat to respond to this issue.

Annex II

List of documents submitted to the twenty-fifth session

<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
PBC.25/1	2	Provisional agenda
PBC.25/1/Add.1	2	Annotated provisional agenda
PBC.25/2-IDB.36/2	3	<i>Annual Report of UNIDO 2008</i>
PBC.25/3-IDB.36/3	6	Scale of assessments for the fiscal period 2010-2011. Note by the Secretariat
PBC.25/4-IDB.36/4	7	Working Capital Fund for the biennium 2010-2011. Proposals of the Director-General
PBC.25/5-IDB.36/5	4	Financial situation of UNIDO. Report by the Director-General
PBC.25/6-IDB.36/6	8	International Public Sector Accounting Standards. Progress report by the Secretariat
PBC.25/7-IDB.36/7	5	Programme and budgets, 2010-2011. Proposals of the Director-General
PBC.25/8-IDB.36/8	3	Interim report of the External Auditor
PBC.25/9-IDB.36/9	3	Interim financial performance report for the biennium 2008-2009. Submitted by the Director-General
PBC.25/10-IDB.36/10	11	Candidates for the appointment of External Auditor. Report by the Director-General
PBC.25/10-IDB.36/10/Add.1	11	Candidates for the appointment of External Auditor. Addendum
PBC.25/11-IDB.36/11	9	Financial regulations of UNIDO. Note by the Secretariat
PBC.25/12-IDB.36/12	5	Unutilized balances of appropriations. Note by the Director-General
PBC.25/13	-	Lists of States included in Annex I to the Constitution of UNIDO. Note by the Secretariat
Conference room papers		
PBC.25/CRP.1	2	List of documents
PBC.25/CRP.2	10	Project approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2008. Prepared by the Secretariat
PBC.25/CRP.3	11	Candidates for the appointment of External Auditor. Note by the Secretariat
PBC.25/CRP.4	-	List of participants