



## **Industrial Development Board**

### **Forty-first session**

Vienna, 24-27 June 2013

Item 4 of the provisional agenda

### **Report of the Programme and Budget Committee**

## **Report of the Programme and Budget Committee on the work of its twenty-ninth session (22-23 May 2013)**

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## Introduction

1. The Programme and Budget Committee held its twenty-ninth session at UNIDO Headquarters, Vienna International Centre, from 22 to 23 May 2013. All 27 Members of the Committee participated in the session: Algeria, Austria, Belgium, China, Côte d'Ivoire, Cuba, France, Germany, India, Indonesia, Iran (Islamic Republic of), Italy, Japan, Kenya, Mexico, Nigeria, Pakistan, Peru, Poland, Russian Federation, South Africa, Spain, Sudan, Switzerland, Turkey, Ukraine and Venezuela (Bolivarian Republic of).

2. The following 58 Members of UNIDO also attended the session: Albania, Angola, Argentina, Armenia, Belarus, Bosnia and Herzegovina, Brazil, Bulgaria, Burkina Faso, Colombia, Costa Rica, Croatia, Cyprus, Czech Republic, Democratic People's Republic of Korea, Democratic Republic of the Congo, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Finland, Ghana, Greece, Guatemala, Hungary, Ireland, Israel, Kazakhstan, Lebanon, Lesotho, Libya, Luxembourg, Malaysia, Malta, Morocco, Namibia, Netherlands, Norway, Panama, Philippines, Portugal, Qatar, Republic of Korea, Romania, Saudi Arabia, Serbia, Slovakia, Slovenia, Sri Lanka, Sweden, Syrian Arab Republic, Thailand, the former Yugoslav Republic of Macedonia, Tunisia, Viet Nam, Yemen and Zimbabwe.

3. The International Atomic Energy Agency was represented.

4. The following organizations were represented: European Union and International Centre for Genetic Engineering and Biotechnology.

5. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation H.E. Mr. A. A. Soltanieh (Iran, Islamic Republic of) as Chairman; H.E. Ms. C. Stix-Hackl (Austria), H.E. Mr. J. C. Marsán Aguilera (Cuba), Ms. K. Wrona (Poland) as Vice-Chairs; and Ms. J. Okoth (Kenya) as Rapporteur.

6. The agenda for the twenty-ninth session as adopted by the Committee is contained in document PBC.29/1. 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.

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 forty-first session or are of relevance to the work of that session:

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## **I. Organizational and procedural matters**

10. On 22 May, the Committee considered a proposal by the Chairman to optimize the utilization of available conference-servicing resources and adopted the following conclusion:

### **Conclusion 2013/1 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-ninth session only, provided no substantive decisions 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-Chair H.E. Ms. C. Stix-Hackl (Austria), to chair those consultations.

## **II. Report of the External Auditor for 2012 (item 3)**

12. On 22 May, the Committee considered the report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial year 1 January to 31 December 2012 (PBC.29/3).

13. On 23 May, at the suggestion of the Chairman, the Committee took note of the information provided by the External Auditor on item 3.

## **III. Financial situation of UNIDO (item 4); Programme and budgets, 2014-2015 (item 5); Scale of assessments for apportionment of the regular budget expenses for the biennium 2014-2015 (item 6); Working Capital Fund for the biennium 2014-2015 (item 7)**

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

### **A. Financial situation of UNIDO (item 4)**

15. On 22 May, the Committee considered a report by the Director General on the financial situation of UNIDO (PBC.29/4) and a note by the Secretariat on the status of assessed contributions (PBC.29/CRP.4).

16. On 23 May, after consideration of a draft conclusion on the financial situation of UNIDO, submitted by the Chairman (PBC.29/L.2), the Committee adopted the following conclusion:

**Conclusion 2013/2 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.41/4-PBC.29/4;

(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;

(d) Also requests the Director General to continue his efforts to ensure that current Member States sustain their support to the Organization.”

**B. Programme and budgets, 2014-2015 (item 5)**

17. On 22 May, the Committee considered the proposals of the Director General and the revised proposals of the Director General for the programme and budgets, 2014-2015 (PBC.29/5 and PBC.29/5/Add.1).

18. On 23 May, after consideration of a draft conclusion on the programme and budgets, 2014-2015, submitted by the Chairman (PBC.29/L.8), the Committee adopted the following conclusion:

**Conclusion 2013/3 Programme and budgets, 2014-2015**

The Programme and Budget Committee, having considered the recommendations of the Director General contained in documents IDB.41/5-PBC.29/5 and Add.1, recommended to the Industrial Development Board the adoption of the following draft decision:

“The Industrial Development Board:

(a) Adopts the programme and budgets for the biennium 2014-2015, as contained in documents IDB.41/5-PBC.29/5 and Add.1;

(b) Recommends to the General Conference the approval of estimates of regular budget gross expenditures of €147,251,013 to be financed from assessed contributions in the amount of €143,743,513 and other income of €3,507,500;

(c) Also recommends to the General Conference the approval of estimates of gross expenditures totalling €32,819,400 for the purpose of the operational budget for the biennium 2014-2015 to be financed from voluntary contributions in the amount of €32,765,600 and other income amounting to €53,800 as may be provided for in the financial regulations;

(d) Recalls decision IDB.39/Dec.7 and acknowledges that upon the announced departure of any Member State, the Organization's regular budget shall be readjusted so as not to increase the assessed contributions of remaining Member States;

(e) Stresses that any additional expenditure incurred during the biennium 2014-2015 not foreseen in the proposal of the Director General shall be financed by additional savings and shall not be covered by increasing assessed contributions of Member States;

(f) Understands that the Director General will actively pursue additional efficiency gains and cost-savings on an ongoing basis and will communicate to Member States on this through existing reporting channels;

(g) Also understands that the Organization will continue to take steps to further reduce travel costs, rationalize its standard of accommodation for official travel, ensure full compliance with these standards, and increase transparency towards Member States on this matter through existing reporting channels;

(h) Further understands that the Director General will urge the International Civil Service Commission to take into consideration the financial situation of UNIDO and its Member States during the comprehensive review of the compensation package for staff in the Professional and higher categories, and will underline the importance of the outcome of this review for UNIDO; and requests the Director General to keep Member States informed on this matter through existing communication channels;

(i) Invites the Director General, taking into account functional and structural requirements, to reduce whenever possible the utilization of human resources at senior levels in favour of utilization of human resources at levels P-2 to P-4 on the understanding that this should be achieved through natural attrition and in a financially cost-neutral manner, without prejudice to the implementation of programmes;

(j) Takes note of the proposed replacement of written summary records in all six languages of the Industrial Development Board and the General Conference with digital records (IDB.41/5/Add.1-PBC.29/5/Add.1, paragraph 12);

(k) Decides to suspend rule 69 of the Rules of Procedure of the Industrial Development Board for the forty-second and forty-third sessions of the Board and requests the Director General to ensure that digital records in all six official languages be made available;

(l) Recommends to the General Conference the suspension of rule 65 of the Rules of Procedure of the Conference for its sixteenth session as well as the provision in its decision GC.3/Dec.11 calling for the issuance of summary records of the Main Committee and requests the Director General to make digital records of plenary and Main Committee meetings available in all six official languages;

(m) Decides to evaluate the experience gained by using digital records at its forty-third session;

(n) Supports the Director General's proposal to reduce the length of documents issued to the policymaking organs without adversely affecting either the quality of presentation or the content of the reports;

(o) Takes note of the Director General's proposal to postpone the extension of the field network and requests the Director General as soon as the financial situation improves to proceed to extending it, as expressed in document IDB.41/5/Add.1-PBC.29/5/Add.1, paragraph 8."

### **C. Scale of assessments for apportionment of the regular budget expenses for the biennium 2014-2015 (item 6)**

19. On 22 May, the Committee considered a revised note by the Secretariat on the scale of assessments for the fiscal period 2014-2015 (PBC.29/6/Rev.1).

20. On 23 May, after consideration of a draft conclusion on the scale of assessments for the fiscal period 2014-2015, submitted by the Chairman (PBC.29/L.3), the Committee adopted the following conclusion:

#### **Conclusion 2013/4 Scale of assessments for the fiscal period 2014-2015**

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.41/6/Rev.1-PBC.29/6/Rev.1;

(b) Recommends to the General Conference the establishment of a scale of assessments for the fiscal period 2014-2015 based on the United Nations General Assembly resolution 67/238, 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) Urges Member States to pay their assessed contributions for the 2014-2015 biennium in accordance with financial regulation 5.5 (b), which states that contributions and advances shall be due and payable in full within thirty days of the receipt of the communication of the Director General, or as of the first day of the calendar year to which it relates, whichever is later;

(d) Calls on Member States and former Member States that are in arrears to fulfil their constitutional obligations by paying their outstanding assessed contributions in full and without conditions as soon as possible, or to take advantage of payment plans to settle their arrears, in accordance with previous decisions by the policymaking organs of UNIDO."

### **D. Working Capital Fund for the biennium 2014-2015 (item 7)**

21. On 22 May, the Committee considered the proposals of the Director General for the Working Capital Fund for the biennium 2014-2015 (PBC.29/7).

22. On 23 May, after consideration of a draft conclusion on the Working Capital Fund for the biennium 2014-2015, submitted by the Chairman (PBC.29/L.4), the Committee adopted the following conclusion:

**Conclusion 2013/5 Working Capital Fund for the biennium 2014-2015**

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.41/7-PBC.29/7;

(b) Recommends to the General Conference that the level of the Working Capital Fund for the biennium 2014-2015 should remain at €7,423,030 and that the authorized purposes of the Fund for the biennium 2014-2015 should remain the same as for the biennium 2012-2013, 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. Medium-term programme framework (item 8)**

23. On 22 May, the Committee considered a proposal by the Director General regarding the medium-term programme framework (PBC.29/8).

24. On 23 May, after consideration of a draft conclusion on the medium-term programme framework, submitted by the Chairman (PBC.29/L.5), the Committee adopted the following conclusion:

**Conclusion 2013/6 Medium-term programme framework**

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 proposal on the medium-term programme framework contained in document IDB.41/8-PBC.29/8;

(b) Recalls General Conference decision GC.14/Dec.18 concerning the alignment of the medium-term programme framework with the comprehensive policy review of operational activities for development of the United Nations system;

(c) Also recalls General Assembly resolution 67/226 of 21 December 2012, adopting the quadrennial comprehensive policy review of operational activities for development of the United Nations system;

(d) Recommends that the General Conference at its fifteenth session decide that, pending consideration of the application of provisions of General Assembly resolution 67/226 to specialized agencies, the medium-term

programme framework 2010-2013 remain in force until the expiry of the forthcoming budget biennium, 2014-2015;

(e) Also recommends that the General Conference at its fifteenth session request the Director General to submit from 2015 onwards, on a quadrennial basis, to the Board in the second year of a biennium, through the Programme and Budget Committee, a draft medium-term programme framework for four years, taking into account the recommendations of the latest comprehensive policy review of operational activities for development.”

## **V. Strengthening UNIDO programmes through unutilized balances of appropriations (item 9)**

25. On 22 May, the Committee considered a report by the Director General on the Programme for Change and Organizational Renewal (PBC.29/9), a report by the Director General on the trust fund on food security (PBC.29/10\*), a report by the Director General on the trust fund on renewable energy (PBC.29/11) and a report by the Director General on unutilized balances of appropriations (PBC.29/12).

26. On 23 May, at the suggestion of the Chairman, the Committee took note of the information provided by the Director General on item 9.

## **VI. Informal working group on the future, including programmes and resources, of UNIDO (item 10)**

27. On 22 May, the Committee considered the third interim report of the Co-Chairs (H.E. Ms. A. T. Dengo Benavides, Costa Rica, and Mr. A. Groff, Switzerland) on the informal working group on the future, including programmes and resources, of UNIDO (PBC.29/13).

28. On 23 May, at the suggestion of the Chairman, the Committee took note of the information provided by the Co-Chairs on item 10.

## **VII. Financial regulations (item 11)**

29. On 22 May, the Committee considered a note by the Secretariat on the Financial Regulations of UNIDO (PBC.29/14).

30. On 23 May, after consideration of a draft conclusion on the Financial Regulations of UNIDO, submitted by the Chairman (PBC.29/L.6), the Committee adopted the following conclusion:



### **Conclusion 2013/7 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.41/14-PBC.29/14, including the proposed amendment to the financial regulations deemed necessary for compliance with the schedule of regular sessions of the policymaking organs;

(b) Decides to submit to the General Conference at its fifteenth session for consideration and adoption the amendment to the Financial Regulations of UNIDO as set out in the annex of document IDB.41/14-PBC.29/14.”

## **VIII. Mobilization of financial resources (item 12)**

31. On 23 May, the Committee considered information contained in chapter 1 of the *Annual Report of UNIDO 2012* on funding performance (PBC.29/2) and a conference room paper prepared by the Secretariat on projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2012 (PBC.29/CRP.2).

32. On 23 May, at the suggestion of the Chairman, the Committee took note of the information provided on item 12.

## **IX. Appointment of an External Auditor (item 13)**

33. On 23 May, the Committee considered a report by the Director General on candidates for the appointment of an External Auditor (PBC.29/15) and a note by the Secretariat on candidates for the appointment of an External Auditor (PBC.29/CRP.3).

34. On 23 May, at the suggestion of the Chairman, the Committee took note of the information provided on item 13.

## **X. Date of the thirtieth session (item 14)**

35. On 23 May, the Committee took note of the entry contained in the annotated agenda (PBC.29/1/Add.1) on the dates reserved for the policymaking organs of UNIDO in 2013 and 2014.

36. On 23 May, after consideration of a draft conclusion on the date of the thirtieth session, submitted by the Chairman (PBC.29/L.7), the Committee adopted the following conclusion:

### **Conclusion 2013/8 Date of the thirtieth session**

The Programme and Budget Committee decided to hold its thirtieth session on 25 and 26 June 2014.

## **XI. Adoption of the report (item 15) and closure of the twenty-ninth session**

37. On 23 May, the Committee adopted the draft report on the work of its twenty-ninth session (PBC.29/L.1) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

38. The Committee closed its twenty-ninth session at 4.05 p.m. on 23 May 2013.

## Annex

## List of documents submitted to the twenty-ninth session

<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
PBC.29/1	2	Provisional agenda
PBC.29/1/Add.1	2	Annotated provisional agenda
PBC.29/2-IDB.41/2	12	<i>Annual Report of UNIDO 2012</i>
PBC.29/3-IDB.41/3	3	Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial year 1 January to 31 December 2012
PBC.29/4-IDB.41/4	4	Financial situation of UNIDO. Report by the Director General
PBC.29/5-IDB.41/5	5	Programme and budgets, 2014-2015. Proposals of the Director General
PBC.29/5/Add.1-IDB.41/5/Add.1	5	Programme and budgets, 2014-2015. Revised proposals of the Director General
PBC.29/6/Rev.1-IDB.41/6/Rev.1	6	Scale of assessments for the fiscal period 2014-2015. Revised note by the Secretariat
PBC.29/7-IDB.41/7	7	Working Capital Fund for the biennium 2014-2015. Proposals of the Director General
PBC.29/8-IDB.41/8	8	Proposal by the Director General regarding the medium-term programme framework
PBC.29/9-IDB.41/9	9	Programme for Change and Organizational Renewal. Report by the Director General
PBC.29/10*-IDB.41/10*	9	Trust fund on food security. Report by the Director General
PBC.29/11-IDB.41/11	9	Trust fund on renewable energy. Report by the Director General
PBC.29/12-IDB.41/12	9	Unutilized balances of appropriations. Report by the Director General
PBC.29/13-IDB.41/13	10	Informal working group on the future, including programmes and resources, of UNIDO. Third interim report of the Co-Chairs (H.E. Ms. A. T. Dengo Benavides, Costa Rica, and Mr. A. Groff, Switzerland)
PBC.29/14-IDB.41/14	11	Financial Regulations of UNIDO. Note by the Secretariat
PBC.29/15-IDB.41/15	13	Candidates for the appointment of an External Auditor. Report by the Director General
PBC.29/16	–	Lists of States included in Annex I to the Constitution of UNIDO. Note by the Secretariat
<b>Conference room papers</b>		
PBC.29/CRP.1	2	List of documents
PBC.29/CRP.2	12	Projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2012. Prepared by the Secretariat

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<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
PBC.29/CRP.3	13	Candidates for the appointment of an External Auditor. Note by the Secretariat
PBC.29/CRP.4	4	Status of assessed contributions. Note by the Secretariat
PBC.29/CRP.5/Rev.1	–	List of participants

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