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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 thirty-third session (16-18 May 2017)

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For reasons of economy, this document has not been printed. Delegates are kindly requested to bring their copies of documents to meetings.



Introduction

1. The Programme and Budget Committee held its thirty-third session at UNIDO Headquarters, Vienna International Centre, from 16 to 18 May 2017. The following 24 of the 27 Members of the Committee participated in the session: Algeria, Austria, Belarus, China, Costa Rica, Cuba, Finland, Germany, Guatemala, India, Iran (Islamic Republic of), Italy, Japan, Kenya, Mexico, Poland, Republic of Korea, Russian Federation, South Africa, Spain, Sudan, Switzerland, Thailand, and Turkey.
2. The following 45 Members of UNIDO also attended the session: Albania, Angola, Argentina, Bolivia (Plurinational State of), Brazil, Bulgaria, Chile, Croatia, Cyprus, Czechia, Democratic People's Republic of Korea, Dominican Republic, Ecuador, Egypt, Hungary, Ireland, Kuwait, Lebanon, Libya, Malaysia, Malta, Mongolia, Montenegro, Morocco, Myanmar, Namibia, Netherlands, Niger, Norway, Oman, Pakistan, Panama, Peru, Philippines, Qatar, Romania, Saudi Arabia, Slovenia, Sri Lanka, Sweden, Syrian Arab Republic, Tunisia, Uruguay, Venezuela (Bolivarian Republic of), and Yemen.
3. No United Nations bodies were represented.
4. The following organizations were represented: Asian-African Legal Consultative Organization (AALCO), European Union (EU), International Center for Promotion of Enterprises (ICPE), and League of Arab States (LAS).
5. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation H.E. Mr. H. Kyröläinen (Finland) as Chairperson; H.E. Mr. M.H.H. Zaroug (Sudan), H.E. Mr. S. Saicheua (Thailand), and Ms. V. Khutorskaya (Russian Federation) as Vice-Chairs; and Ms. S. M. Smith De Castro (Cuba) as Rapporteur.
6. The agenda for the thirty-third session as adopted by the Committee is contained in document PBC.33/1. 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-fifth session or are of relevance to the work of that session:

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I. Organizational and procedural matters

10. On 16 May, the Committee considered a proposal by the Chair to optimize the utilization of available conference-servicing resources and adopted the following conclusions:

Conclusion 2017/1 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 thirty-third 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 the Vice-Chair H.E. Mr. M.H.H. Zaroug (Sudan), to chair those consultations.

II. Report of the External Auditor for 2016 (item 4)

12. On 16 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 2016 (PBC.33/3 and CRP.3).

13. On 18 May, after consideration of a draft conclusion on the report of the External Auditor for 2016, submitted by the Chairperson (PBC.33/L.3), the Committee adopted the following conclusion:

Conclusion 2017/2 Report of the External Auditor for 2016

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 report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial period 1 January to 31 December 2016, including the financial performance report, as contained in document IDB.45/3-PBC.33/3, and the *Annual Report of UNIDO 2016*, including the programme performance report for 2016 (IDB.45/2-PBC.33/2);

(b) Also takes note of the statements of the Director General and the External Auditor made at the thirty-third session of the Programme and Budget Committee;

(c) Expresses its gratitude to the External Auditor for the valuable services rendered by him and for his findings and recommendations;

(d) Recognizes the important contribution the External Auditor makes to the improvement of UNIDO’s governance structure, management, operations and performance, through his recommendations, including those in his recent report IDB.45/3-PBC.33/3;

(e) Takes note of the actions taken by the Director General to implement recommendations of prior years;

(f) Endorses the recommendations of the External Auditor and requests the Director General to continue implementing them and to report thereon to the Industrial Development Board at its forty-sixth session.”

III. Financial situation of UNIDO, including unutilized balances of appropriations (item 5); Programme and budgets, 2018-2019 (item 6); Scale of assessments for apportionment of the regular budget expenses for the biennium 2018-2019 (item 7); Working Capital Fund for the biennium 2018-2019 (item 8)

14. The Committee decided to discuss simultaneously items 5, 6, 7 and 8.

A. Financial situation of UNIDO, including unutilized balances of appropriations (item 5)

15. On 16 May, the Committee considered a report by the Director General on the financial situation of UNIDO (PBC.33/4) and a note by the Secretariat on the status of assessed contributions (PBC.33/CRP.4).

16. On 18 May, after consideration of a draft conclusion on the financial situation of UNIDO, submitted by the Chairperson (PBC.33/L.4), the Committee adopted the following conclusion:

Conclusion 2017/3 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.45/4-PBC.33/4;

(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) Establishes an informal working group, without cost implications, to address Programme and Budget Committee-related issues of the Organization to be convened by the President of the Industrial Development Board, which will report to the Programme and Budget Committee at its thirty-fourth session.”

B. Programme and budgets, 2018-2019 (item 6)

17. On 16 May, the Committee considered the proposals of the Director General for the programme and budgets, 2018-2019 (PBC.33/5).

18. On 18 May, after consideration of a draft conclusion on the programme and budgets, 2018-2019, submitted by the Chairperson (PBC.33/L.5), the Committee adopted the following conclusion:

Conclusion 2017/4 Programme and budgets, 2018-2019

The Programme and Budget Committee:

(a) Took note of the proposals of the Director General on the programme and budgets for the biennium 2018-2019, as contained in document IDB.45/5-PBC.33/5;

(b) Took note that, in the proposed programme and budgets, the Director General applied decision IDB.39/Dec.7 which stipulates 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;

(c) Recommended to the Industrial Development Board the approval of estimates of regular budget gross expenditures of €139,203,543 to be financed from assessed contributions in the amount of €136,702,043 and other income of €2,501,500;

(d) Also recommended to the Industrial Development Board the approval of estimates of gross expenditures totalling €36,152,400 for the purpose of the operational budget for the biennium 2018-2019 to be financed from the reimbursement of support costs pertaining to technical cooperation and other services in the amount of €35,797,300 and other income amounting to €355,100 as may be provided for in the financial regulations;

(e) Further recommended that the Industrial Development Board request the Director General to:

(i) Continue making a contribution to the United Nations Resident Coordinator (UNRC) system and to report to the Industrial Development Board on how UNIDO has maximized its use of the UNRC system to create cost-savings, synergies and efficiencies and to ensure accountability and transparency for the funds provided by UNIDO to cover its share in the UNRC system;

(ii) Appoint a Gender Officer, within the existing resources, with the task to ensure implementation of General Conference resolution GC.16/Res.3 and in particular to ensure gender mainstreaming and gender balance in staffing, with a view to achieving gender parity;

(iii) Allocate a maximum amount of €86,200 for the Audit Advisory Committee and urges the Director General to explore means of reducing the actual expenditure, in the coming biennium;

(f) Took note that the proposed programme and budgets included a 0.771 per cent average rate of net cost increases per annum and recalled that the search for productivity gains and efficiencies must be a continuous management process and therefore requested the Secretariat to report to the next two sessions of the Programme and Budget Committee on new de-prioritization and efficiencies identified and/or implemented between sessions, with the goal to offset the financial impact on Member States of recosting and new expenditure proposals in the budgets for 2018-2019;

(g) Noted that the "Special Resources for Africa" together with voluntary contributions would be used to foster industrialization in Africa and implement UNIDO's leading role assigned in United Nations General Assembly resolution 70/293 on the Third Industrial Development Decade for Africa;

(h) Requested the Director General to ensure a balanced allocation of resources among Major Programmes, giving due consideration to Major Programme C, during the execution of the programme and budgets, 2018-2019.

C. Scale of assessments for apportionment of the regular budget expenses for the biennium 2018-2019 (item 7)

19. On 16 May, the Committee considered a note by the Secretariat on the scale of assessments for the fiscal period 2018-2019 (PBC.33/6).

20. On 18 May, after consideration of a draft conclusion on the scale of assessments, 2018-2019, submitted by the Chairperson (PBC.33/L.6), the Committee adopted the following conclusion:

Conclusion 2017/5 Scale of assessments, 2018-2019

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.45/6-PBC.33/6;

(b) Recommends to the General Conference the establishment of a scale of assessments for the fiscal period 2018-2019 based on the United Nations General Assembly resolution 70/245, 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 2018-2019 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 2018-2019 (item 8)

21. On 16 May, the Committee considered the proposals of the Director General for the Working Capital Fund for the biennium 2018-2019 (PBC.33/7).

22. On 18 May, after consideration of a draft conclusion on the Working Capital Fund, 2018-2019, submitted by the Chairperson (PBC.33/L.7), the Committee adopted the following conclusion:

Conclusion 2017/6 Working Capital Fund for the biennium 2018-2019

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.45/7-PBC.33/7;

(b) Recommends to the General Conference that the level of the Working Capital Fund for the biennium 2018-2019 should remain at €7,423,030 and that the authorized purposes of the Fund for the biennium 2018-2019 should remain the same as for the biennium 2016-2017, 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. Annual Report of the Director General for 2016 (item 3)

23. On 17 May, the Committee considered the *Annual Report of UNIDO 2016* (PBC.33/2), and a summary submitted by the Secretariat on the Vienna Energy Forum 2017 “Sustainable energy for the implementation of the SDGs and the Paris Agreement” (PBC.33/CRP.2).

24. On 18 May, after consideration of a draft conclusion on the *Annual Report of UNIDO 2016*, submitted by the Chair (PBC.33/L.2), the Committee adopted the following conclusion:

Conclusion 2017/7 Annual Report

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

“The Industrial Development Board:

(a) Expresses its appreciation for the work done by the Secretariat to prepare the Annual Report of UNIDO for 2016 (PBC.33/2-IDB.45/2) in a timely manner;

(b) Notes that the Annual Report has been greatly improved, rendered concise and short, and through the addition of the corporate scorecard based on the integrated results and performance framework was enriched with statistical data and results achieved, so as to enhance UNIDO’s performance accountability and visibility, in line with Board decision IDB.44/Dec.2 and requests the Secretariat to continue its efforts in this regard;

(c) Also notes the ongoing efforts by the Secretariat to define indicators and set targets in the integrated results and performance framework (PBC.33/CRP.5) in consultation with Member States and invites the Secretariat to keep the policymaking organs informed on further progress in this regard;

(d) Recalls resolutions GC.16/Res.1 and GC.16/Res.2 and encourages the Director General to continue reporting on the implementation of the medium-term programme framework and on UNIDO’s contribution to the implementation of the 2030 Agenda and its Sustainable Development Goals, as well as its follow-up and review mechanism in the Annual Report.”

V. Medium-term programme framework and medium-term investment plan (item 9)

25. On 17 May, the Committee considered a proposal by the Director General on the updated medium-term programme framework for the period 2018-2021 (PBC.33/8), a report by the Director General on the medium-term investment plan, 2016-2019 (PBC.33/8/Add.1), and a note by the Secretariat on the updated integrated results and performance framework (PBC.33/CRP.5).

26. On 18 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 9.

VI. Mobilization of financial resources (item 10)

27. On 17 May, the Committee considered a note by the Secretariat on projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2016 (PBC.33/CRP.6).

28. On 18 May, after consideration of a draft conclusion on the mobilization of financial resources, submitted by the Chair (PBC.33/L.8), the Committee adopted the following conclusion:

Conclusion 2017/8 Mobilization of financial resources

The Programme and Budget Committee took note of the draft decision introduced by the Russian Federation and recommended to the Industrial Development Board to consider it during its forty-fifth session.

VII. General risk management strategy (item 11)

29. On 17 May, the Committee considered a report by the Director General on the general risk management strategy (PBC.33/9).

30. On 18 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 11.

VIII. Appointment of an External Auditor (item 12)

31. On 18 May, the Committee considered a report by the Director General on candidates for the appointment of External Auditor (PBC.33/10 and PBC.33/10/Add.1) and a note by the Secretariat on candidates for the appointment of External Auditor (PBC.33/CRP.7).

32. On 18 May, at the suggestion of the Chairperson, the Committee took note of the information provided on item 12.

IX. Date of the thirty-fourth session (item 13)

33. On 18 May, the Committee took note of the entry contained in the annotated agenda (PBC.33/1/Add.1) on the dates reserved for the policymaking organs of UNIDO in 2017 and 2018.

34. On 18 May, after consideration of a draft conclusion on the date of the thirty-fourth session, submitted by the Chair (PBC.33/L.9), the Committee adopted the following conclusion:

Conclusion 2017/9 Date of the thirty-fourth session

The Programme and Budget Committee decided to hold its thirty-fourth session from 19 to 20 June 2018.

X. Adoption of the report (item 14) and closure of the thirty-third session

35. On 18 May, the Committee adopted the draft report on the work of its thirty-third session (PBC.33/L.1) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

36. The Committee closed its thirty-third session at 7 p.m. on 18 May 2017.

Annex

List of documents submitted to the thirty-third session

<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
PBC.33/1	2	Provisional agenda
PBC.33/1/Add.1	2	Annotated provisional agenda
PBC.33/2	3	<i>Annual Report of UNIDO 2016 (including programme performance report)</i>
PBC.33/3	4	Report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2016
PBC.33/4	5	Financial situation of UNIDO. Report by the Director General
PBC.33/5	6	Programme and budgets, 2018-2019. Proposals of the Director General
PBC.33/6	7	Scale of assessments for the fiscal period 2018-2019. Note by the Secretariat
PBC.33/7	8	Working Capital Fund for the biennium 2018-2019. Proposed by the Director General
PBC.33/8	9	Updated medium-term programme framework for the period 2018-2021. Proposals of the Director General
PBC.33/8/Add.1	9	Medium-term investment plan, 2016-2019. Addendum to the report by the Director General
PBC.33/9	11	General risk management strategy. Report by the Director General
PBC.33/10	12	Candidates for the appointment of an External Auditor. Report by the Director General
PBC.33/10/Add.1	12	Candidates for the appointment of an External Auditor. Report by the Director General
PBC.33/11	-	Lists of States included in Annex I to the Constitution of UNIDO. Note by the Secretariat
Conference room papers		
PBC.33/CRP.1	2	List of documents
PBC.33/CRP.2	3	The Vienna Energy Forum 2017 “Sustainable energy for the implementation of the SDGs and the Paris Agreement”. Summary submitted by the Secretariat
PBC.33/CRP.3	4	Annexes to the report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2016 (unaudited). Prepared by the Secretariat
PBC.33/CRP.4	5	Status of assessed contributions. Note by the Secretariat
PBC.33/CRP.5	9	Updated integrated results and performance framework. Note by the Secretariat
PBC.33/CRP.6	10	Projects approved under the Industrial Development Fund, thematic and individual trust funds, and other voluntary contributions in 2016
PBC.33/CRP.7	12	Candidates for the appointment of an External Auditor. Note by the Secretariat