



Programme and Budget Committee

Thirty-sixth session

Vienna, 15–16 June 2020

Item 2 of the provisional agenda

Adoption of the agenda

Annotated provisional agenda

Opening of the session

The thirty-sixth session of the Programme and Budget Committee will be opened by H.E. Mr. Károly DÁN (Hungary), in his capacity as Chairperson of the thirty-fifth session.

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 Chairperson and three Vice-Chairpersons, 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 Chairperson of the thirty-sixth session should be elected from members of the Committee from States in List C, and the three Vice-Chairpersons from African States in List A, States in List B, and States in List D. The Rapporteur should be elected from members of the Committee from among Asian States in List A.

Item 2. Adoption of the agenda

A provisional agenda for the thirty-sixth 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.36/1 as stipulated in rule 12.

The Committee will have before it:

- Provisional agenda (PBC.36/1)
- Annotated provisional agenda (PBC.36/1/Add.1)
- List of documents (PBC.36/CRP.1)

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



Item 3. Annual Report of the Director General for 2019

In accordance with Article 11.6 of the Constitution, the Director General is to prepare an annual report on the activities of the Organization. In its resolution GC.4/Res.2, the General Conference requested the Director General to fully incorporate in future annual reports the programme performance report according to Board decision IDB.7/Dec.11. At the request of the Board, in decision IDB.23/Dec.12, annual reports include information on operational activities for developments arising from relevant United Nations General Assembly resolutions, including the quadrennial comprehensive policy review in accordance with United Nations General Assembly resolution 67/226 of 21 December 2012.

In compliance with Conference resolution GC.17/Res.1 paragraph (p) and Board decision IDB.44/Dec.2, paragraph (c), the annual report also informs Member States of the implementation of the medium-term programme framework (MTPF) and of UNIDO's contribution to the realization of the 2030 Agenda and its Sustainable Development Goals (SDGs). Pursuant to Board decision IDB.44/Dec.2, paragraph (d), the *Annual Report of UNIDO 2019* will provide information in a concise and short manner, enriched with statistical data and achieved results in accordance with the integrated results and performance framework, to enhance UNIDO's performance accountability and visibility.

In line with decision IDB.46/Dec.13, paragraph (i), Member States will be updated on the progress made in the implementation of the Third Industrial Development Decade for Africa (IDDA III).

Article 9.4 (d) of the Constitution stipulates that the Board shall request members to furnish information on their activities related to the work of the Organization. In decision IDB.1/Dec.29, Member States were requested to inform the Board on their activities related to the work of the Organization when reviewing the annual report. Due to the reduction of the number of sessions of the Board in non-General Conference years (decision IDB.39/Dec.7(f)) and following the practice established in 2013, the annual report will be presented through the Programme and Budget Committee to the Board.

Member States may therefore wish to include information on their activities as they relate to the work of UNIDO in the statements delivered by their representatives to the Committee under this item.

The Committee will have before it:

- *Annual Report of UNIDO 2019* (PBC.36/2-IDB.48/2)

(a) **Managing for results: Update on the implementation of the medium-term programme framework, 2018–2021**

In paragraphs (e) and (f) of decision GC.15/Dec.17, the Conference requested an MTPF for four years. In addition, the Board, in its decision IDB.44/Dec.10, requested an updated MTPF for the period 2018–2021. In line with the four-year horizon established by IDB.44/Dec.10, a mid-term review of the MTPF was presented to the thirty-fifth session of the Programme and Budget Committee and the forty-seventh session of the Industrial Development Board (PBC.35/10). In accordance to IDB.45/Dec.5, paragraphs (b) and (c) the Secretariat has continued to improve the IRPF and to keep Member States informed. Updated IRPF indicators were presented to Member States in GC.18/CRP.14, which built on the updated organizational Theory of Change further developed in the MTPF review in PBC.35/10, the results areas contained therein as well as the provisional indicators reported in PBC.35/CRP.11. The implementation of internal policies, tools and mechanisms to operationalize the new IRPF is crucial to drive progress in the provisions of the MTPF 2018–2021, and to the availability of quality-assured and reliable data on UNIDO results. As these results will be included in future Annual Reports, an update on the implementation of the MTPF as it relates to managing for results will be presented here.

The Board will have before it:

- Managing for Results: Update on the implementation of the medium-term programme framework, 2018–2021. Report by the Director General (PBC.36/5-IDB.48/5)

Item 4. Report of the External Auditor for 2019

Financial regulations 11.9 and 11.10 stipulate that the reports of the External Auditor, together with the audited financial statements, shall be completed not later than 20 April and shall be transmitted through the Committee to the Board in accordance with directions given by the Conference. The Committee shall examine the financial statements and the audit reports and submit recommendations to the Board, which shall forward them to the Conference with such comments as it deems appropriate.

In its conclusion 1987/19, paragraph (j), the Committee 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. Starting in 2011, the financial performance report, i.e. the financial statements compliant with the International Public Sector Accounting Standards (IPSAS), has been included in the External Auditor's report.

The report of the External Auditor will also include information on the implementation of recommendations included in the report of the External Auditor for 2018 (IDB.47/3). The Audit Advisory Committee, in line with its terms of reference (Board decision IDB.44/Dec.4, Annex, paragraph 2 (d)), will provide its comments on the report of the External Auditor to this session.

The Committee will have before it:

- Report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2019 (PBC.36/3-IDB.48/3)
- Annexes to the report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2019 (unaudited) (PBC.36/CRP.2)
- Comments on the Report of the External Auditor. Note by the Audit Advisory Committee (PBC.36/CRP.3)

Item 5. Financial situation of UNIDO, including unutilized balances of appropriations

The report by the Director General to the Industrial Development Board at its forty-seventh session (IDB.47/4) 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.

Through decision GC.18/Dec.13, the conference adopted a number of measures on activating the use of the Working Capital Fund to significantly reduce the problem of unutilized balances of appropriations. Through decision GC.18/Dec.13(f), the Conference requested the Director General to report annually to the Industrial Development Board through the Programme and Budget Committee on the effect of the aforementioned measures on the financial situation of the Organization.

The Director General apprised the eighteenth session of the General Conference of the unutilized balances of appropriations (GC.18/CRP.3), encouraging Member States to decide by 28 February 2020 to voluntarily contribute their balance to one of the special accounts (document IDB.43/5 and Board decision IDB.43/Dec.6(i) refer), to finance the gap in the regular budget for the biennium 2020–2021, to the Industrial Development Fund (IDF), to a trust fund, or for any other purpose, including the application of the amount to their 2020 assessment. Information on the allocation of the unutilized balances of appropriations will therefore be included in the report by

the Director General on the financial situation of UNIDO, submitted to the present session.

In its decision IDB.47/Dec.13, the Board approved that regular budget gross expenditures for 2020-2021 would be financed from assessed contributions, other income, efficiency gains and a balance of €1,673,545 from all available resources including voluntary renuncements of unspent balances of appropriations, so that from the amount of unutilized balances of appropriations due to Member States in 2020, remaining on 31 December 2019 and voluntarily renounced to the Organization, up to €1,673,545 may be utilized to support regular budget gross expenditures, if so allocated for that purpose by the Member State voluntarily renouncing its share of unutilized balances. In decision GC.18/Dec.15, the General Conference encouraged Member States to consider voluntarily renouncing their shares of the unutilized balances of appropriations to strengthen the programmes of UNIDO, and further requested the Director General to report to the Board at its forty-eighth and forty-ninth sessions, through the Programme and Budget Committee, on the implementation of this decision.

Furthermore, in its decision GC.18/Dec.14(f)(v), the Conference requested the Director General to submit detailed reports on the state of financing and implementation of the programme and budget 2020–2021 to the Programme and Budget Committee, the Industrial Development Board, and the General Conference of UNIDO.

The Committee will thus have before it:

- Financial situation of UNIDO, including unutilized balances of appropriations. Report by the Director General (PBC.36/4-IDB.48/4)
- Status of assessed contributions. Note by the Secretariat (PBC.36/CRP.4)

Item 6. Report by the informal working group on Programme and Budget Committee-related issues

Through decision IDB.45/Dec.7, paragraph (d), the Board established an informal working group, without cost implications, to address Programme and Budget Committee-related issues of the Organization.

In its decision IDB.46/Dec.8, paragraph (b), the Board extended the mandate of the informal working group until it is decided by the Board to conclude its deliberations, and requested its Co-chairs to continue reporting annually to the Board through the Programme and Budget Committee.

At its forty-seventh session, the Board requested the Director General, through decision IDB.47/Dec.3(d), to reflect on possible ways to improve timely and full collection of assessed contributions and, in close consultation with the Informal Working Group, develop concrete proposals to be presented by the Informal Working Group to the next session of the Programme and Budget Committee.

At its eighteenth session, the General Conference decided that, for the biennium 2020–2021, the level of the Working Capital Fund and the authorized purposes of the Fund should remain the same as for the biennium 2018–2019. Furthermore, the Conference adopted GC.18/Dec.13 on activating the use of the Working Capital Fund to significantly reduce the problem of unutilized balances of appropriations. Through decisions GC.18/Dec.12(d) and GC.18/Dec.13(h) the Conference invited the Informal Working Group to discuss the adequacy of the level of the Working Capital Fund and to develop, in close consultation with the Secretariat, proposals for considerations at the next Programme and Budget Committee.

The proposals on the assessed contributions and on the Working Capital Fund will be included in the report by the working group.

The Committee will therefore have before it:

- Informal working group on Programme and Budget Committee-related issues. Report by the Co-Chairs (PBC.36/6-IDB.48/6)
- Update on the report by the informal working group on Programme and Budget Committee-related issues. Report by the Co-Chairs (PBC.36/CRP.5)

Item 7. Mobilization of financial resources

At its twenty-fifth session, the Board adopted decision IDB.25/Dec.5 on funds mobilization for integrated programmes. In that decision in paragraph (i), the Board, inter alia, requested the Director General to maintain a continuous dialogue with Member States to actively sustain the common resource mobilization efforts. A progress report will be submitted to the Board through the Committee, which will report on the various thematic trust funds. This report should be considered in conjunction with the *Annual Report of UNIDO 2019*, which provides information on mobilization of financial resources for that year.

The Committee will have before it:

- Mobilization of financial resources. Report by the Director General (PBC.36/7-IDB.48/7)
- Funding performance. *Annual Report of UNIDO 2019* (PBC.36/2-IDB.48/2, chapter 8)
- Projects approved under the Industrial Development Fund, thematic and individual trust funds, and other voluntary contributions in 2019 (PBC.36/CRP.6)

Item 8. Updated medium-term investment proposals

In line with paragraph (l) of decision IDB.43/Dec.6, a medium-term investment plan should be updated annually. Proposals updating the medium-term investment plan presented in document IDB.47/14, will therefore be presented to the Committee.

The Committee will thus have before it:

- Medium-term investment proposals, 2020–2023. Report by the Director General (PBC.36/8-IDB.48/8).

Item 9. Third Industrial Development Decade for Africa (IDDA III)

The United Nations General Assembly resolution [70/293](#) on the Third Industrial Development Decade for Africa, 2016–2025 (IDDA III) mandated UNIDO, as the lead Organization, to develop, operationalize and spearhead the implementation of IDDA III as well as enhance technical assistance and efforts towards resource mobilization for African countries specifically for this purpose.

In its decision GC.18/Res.6, the General Conference requested the Director General to report regularly to the policymaking organs on the tangible progress in terms of concrete implementation and impact at national levels, as well as the feedback from development partners, with a view to sustaining momentum for resource mobilization and supporting data collection.

The Committee will have before it:

- Report on the Third Industrial Development Decade for Africa (IDDA III). Report by the Director General (PBC.36/9-IDB.48/9).

Item 10. United Nations Development System reform

On 21 December 2016, the General Assembly of the United Nations adopted resolution [71/243](#) on the Quadrennial comprehensive policy review of operational activities for development of the United Nations system. In June 2017, the

Secretary-General launched his first report on repositioning the United Nations development system (UNDS), and a second report was issued in December 2017. On 31 May 2018, the General Assembly adopted resolution [72/279](#) on the repositioning of UNDS.

In its decision IDB.46/Dec.12, the Board requested the Director General to report on UNIDO's role, including its field network, within the United Nations Country Teams and UNDAF, as well as its involvement in the revamped regional mechanisms of the UNDS and in the United Nations Sustainable Development Group (UNSDG) in light of the UNDS reform, with the aim to strengthen the Organization's delivery of its mandate to Member States. It also requested the Director General to report on the services provided by the Resident Coordinator System to UNIDO.

The Director General reported to the forty-sixth session of the Board on UNIDO's engagement with and positioning within the UNDS reform (IDB.46/11). Subsequently, at its forty-seventh session, the Board was provided with a report by the Director General updating on recent developments concerning the UNDS reform, as well as on funding-related aspects. Furthermore, the Director General updated the General Conference at its eighteenth session on UNIDO and the UNDS reform, including the new Resident Coordinator system and the field network.

Through decision GC.18/Dec.14(f)(i)(b), the Conference requested the Director General to continue financing the United Nations Resident Coordinator system, and to proactively contribute to the process and the review of the cost-sharing formula for the calculation of contributions to the Resident Coordinator System, within the United Nations Sustainable Development Group, in the best interest of the Organization, bearing in mind inter alia the implications of the Organization's current cost-sharing contribution on its regular budget, and regularly report to Member States, including to the Programme and Budget Committee and the Industrial Development Board.

The Board will have before it:

- United Nations Development System reform. Report by the Director General (PBC.36/10-IDB.48/10)

Item 11. Date of the thirty-seventh session

The following dates have been reserved for the policymaking organs of UNIDO in 2020 and 2021:

23–25 November 2020	Industrial Development Board, forty-eighth session
26-28 May 2021 (<i>tentative</i>)	Programme and Budget Committee, thirty-seventh session
12-14 July 2021 (<i>tentative</i>)	Industrial Development Board, forty-ninth session
29 November-3 December 2021	General Conference, nineteenth session

Item 12. Adoption of the report
