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Programme and Budget Committee

Nineteenth session

Vienna, 28-30 April 2003

Item 2 of the provisional agenda

ANNOTATED PROVISIONAL AGENDA

Opening of the session

In accordance with rule 17.2 of the rules of procedure (UNIDO/4), the nineteenth session of the Programme and Budget Committee will be opened by the Chairman of the Committee, Mr. C. Moreno (Italy).

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 Chairman and three Vice-Chairmen, and from among the delegations of its members a Rapporteur. Rule 17.3 stipulates that the offices of the Chairman, the three Vice-Chairmen 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 Chairman of the nineteenth session should be elected from members of the Committee from the Asian States in List A, and the three Vice-Chairmen from States in Lists B, C and D, respectively. The Rapporteur should be elected from members of the Committee from the African States included in List A.

Item 2. Adoption of the agenda

A provisional agenda for the nineteenth session, prepared by the Director-General in consultation with the Chairman 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.19/1.

Item 3. Interim report of the External Auditor, financial performance report and programme performance report for the biennium 2002-2003

At its twenty-sixth session, the Board requested the External Auditor to submit each year in time for the Committee session a short interim report on the activities carried out by the External Auditor and any recommendations resulting therefrom (IDB.26/Dec.2, para. (h)(ii)).

Financial regulation 10.6 stipulates that, at the beginning of the second calendar year of each fiscal period, the Director-General shall submit to the Committee an interim financial report on significant financial developments that have affected the Organization during the first calendar year of the fiscal period concerned.

In decision IDB.26/Dec.2, paragraphs (g) and (i), the Board requested the Director-General to take action on a number of specific points covered in the report of the External Auditor for the biennium 2000-2001. The Committee will be informed of action taken.

Furthermore, the Committee in its conclusion 1987/19 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, as well as a programme performance report describing the level of programme implementation. Subsequently, upon recommendation of the Committee and the Board, the General Conference requested the Director-General to

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incorporate fully in the annual reports the programme performance report for the relevant period (GC.4/Res.2). Thus, the *Annual Report of UNIDO 2002* contains the programme performance report for 2002. This information is supplemented by the financial statements, which continue to be issued as part of the interim financial performance report.

The Committee will have before it:

- Interim report of the External Auditor (PBC.19/6-IDB.27/6) (with an annex providing the response of the Director-General to points contained in decision IDB.26/Dec.2, paras. (g) and (i))
- Interim financial performance report for the biennium 2002-2003. Submitted by the Director-General (PBC.19/8-IDB.27/8)
- *Annual Report of UNIDO 2002* (including interim programme performance report for the biennium 2002-2003) (PBC.19/2-IDB.27/2 and Add.1)

Item 4. Financial situation of UNIDO

Recent reports to sessions of the governing bodies have 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. The Committee will thus have before it:

- Financial situation of UNIDO. Report by the Director-General (PBC.19/10-IDB.27/10)

Item 5. Programme and budgets, 2004-2005

In accordance with Articles 14.1 and 14.2 of the Constitution, the Director-General shall prepare and submit to the Board through the Committee a draft programme of work for the following fiscal period, together with the corresponding estimates for those activities to be financed from the regular budget. The Director-General shall, at the same time, submit proposals and financial estimates for those activities to be financed from voluntary contributions to the Organization. The Committee shall consider the proposals of the Director-General and submit to the Board its recommendations on the proposed programme of work and corresponding estimates for the regular budget and the operational budget. Such recommendations of the Committee shall require a two-thirds majority of the members present and voting.

The Committee will have before it:

- Programme and budgets, 2004-2005. Proposals of the Director-General (PBC.19/3-IDB.27/3)

Item 6. Scale of assessments for apportionment of the regular budget expenses for the biennium 2004-2005

The General Conference at its tenth session will have to establish a scale of assessments for the years 2004 and 2005. In accordance with Article 10.4 (b) of the Constitution, the Committee shall prepare the draft scale of assessments for regular budget expenditures, for submission to the Board. Article 15.2 of the Constitution stipulates that the scale of assessments shall be based to the extent possible on the scale most recently employed by the United Nations. The Committee will be provided with the latest information concerning the United Nations scale of assessments applicable for the years 2004 and 2005 and any adjustments that might be required for UNIDO.

The Committee will have before it:

- Scale of assessments for the fiscal period 2004-2005. Note by the Secretariat (PBC.19/7-IDB.27/7)

Item 7. Working Capital Fund for the biennium 2004-2005

In accordance with financial regulation 5.4 (a), the Committee should recommend to the Board the amount and purposes of the Working Capital Fund for the biennium 2004-2005. At its ninth session, the General Conference decided (GC.9/Dec.13) that the level of the Working Capital Fund should be \$6,610,000 and that the authorized purposes of the Fund for the biennium 2002-2003 should remain the same as for the biennium 2000-2001, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b). In accordance with decision GC.9/Dec.15, the level of the Fund in euros amounts to €7,423,030.

The Committee will have before it:

- Working Capital Fund for the biennium 2004-2005. Proposals by the Director-General (PBC.19/4-IDB.27/4)

Item 8. Transition to a single currency system

At its twenty-sixth session, the Board adopted decision IDB.26/Dec.6, which requested the Director-General to find solutions to the problems in implementation of the single currency system, and to keep Member States regularly informed of further developments. Thus, the Committee will have before it:

- Transition to a single currency system. Report by the Director-General (PBC.19/9-IDB.27/9)

Item 9. Financing of UNIDO programmes, including new initiatives for funds mobilization

The *Annual Report 2002* provides information on the mobilization of financial resources during that year. That will be supplemented, as appropriate, in an updated report to be submitted to the session. Thus, the Committee will have before it:

- Information on the mobilization of financial resources, contained in the *Annual Report 2002* (PBC.19/2-IDB.27/2, chapter V)

Item 10. Appointment of an External Auditor

In accordance with financial regulation 11.1, an External Auditor, who shall be Auditor-General (or an officer exercising an equivalent function) of a Member State, shall be appointed in the manner and for the period decided by the General Conference.

The Conference, by decision GC.9/Dec.16, decided to appoint the Auditor General of South Africa as the External Auditor of UNIDO for a period of two years, from 1 July 2002 to 30 June 2004. In decision GC.6/Dec.18, the Conference requested the Director-

General, in future, to invite proposals from Member States for the appointment of an External Auditor and to submit such proposals to the Committee for consideration. A report will be issued to the Committee concerning proposals received.

The Committee will have before it:

- Candidatures for the appointment of an External Auditor. Report by the Director-General (PBC.19/5-IDB.27/5)

Item 11. Date of the twentieth session

The following dates have been tentatively reserved for the policy-making organs of UNIDO in 2004:

Week of 5-9 May	Industrial Development Board, twenty-eighth session
7-8 September	Programme and Budget Committee, twentieth session
Week of 22-26 November	Industrial Development Board, twenty-ninth session

Item 12. Adoption of the report