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## **Programme and Budget Committee**

### **Thirty-third session**

Vienna, 16-18 May 2017

Item 2 of the provisional agenda

### **Adoption of the agenda**

## **Annotated provisional agenda**

### **Opening of the session**

The thirty-third session of the Programme and Budget Committee will be opened by H.E. Mr. M. A. O. Oyugi (Kenya) in his capacity as Chairperson of the thirty-second 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-third session should be elected from members of the Committee from States in List B, and the three Vice-Chairpersons from the African States in List A, the Asian States in List A and States in List D. The Rapporteur should be elected from members of the Committee from among States in List C.

#### **Item 2. Adoption of the agenda**

A provisional agenda for the thirty-third 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.33/1 as stipulated in rule 12.

The Committee will have before it:

- Provisional agenda (PBC.33/1)
- Annotated provisional agenda (PBC.33/1/Add.1)
- List of documents (PBC.33/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 2016**

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 Board decision IDB.44/Dec.2, paragraph (c), Member States are kept informed in the annual report on the implementation of the medium-term programme framework and on 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 2016* 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, so as to enhance UNIDO's performance accountability and visibility.

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 oral statements delivered by their representatives to the Committee under this item.

The Committee will have before it:

- *Annual Report of UNIDO 2016 (including programme performance report)* (PBC.33/2-IDB.45/2)
- 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.2)

**Item 4. Report of the External Auditor for 2016**

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.

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. 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 2015 (IDB.44/3).

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 2016 (PBC.33/3-IDB.45/3)
- Annexes to the report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2016 (unaudited) (PBC.33/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-fourth session (IDB.44/4) 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.

In addition, during the deliberations of document IDB.43/5-PBC.31/5 at the thirty-first session of the Committee and the forty-third session of the Board, several Member States expressed their desire to devote more attention to the treatment of unutilized balances of appropriations in the Financial Regulations of UNIDO. To facilitate the discussion, the document on the financial situation will incorporate a chapter on this topic, with a proposal on a revised formulation of the relevant financial regulation.

Furthermore, at its sixteenth session the Director General apprised the General Conference of the unutilized balances of appropriations (GC.16/CRP.3), encouraging Member States to decide by 20 December 2015 on a voluntary basis the contribution of their balance to one of the special accounts (document IDB.43/5 and Board decision IDB.43/Dec.6 (i) refer), the Industrial Development Fund (IDF), a thematic trust fund or the application of the amount to their 2016 assessment. A similar call for voluntary contribution of the available balances at the end of 2016 was launched at the end of 2016. Information on the allocation of the unutilized balances of appropriations will therefore be included in the above-mentioned document, submitted to the present session.

The Committee will thus have before it:

- Financial situation of UNIDO. Report by the Director General (PBC.33/4-IDB.45/4)
- Status of assessed contributions. Note by the Secretariat (PBC.33/CRP.4)

**Item 6. Programme and budgets, 2018-2019**

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. At its seventeenth session, the General Conference will need to consider and approve the programme and budgets, 2018-2019.

The Committee will have before it:

- Programme and budgets, 2018-2019. Proposals of the Director General (PBC.33/5-IDB.45/5)

**Item 7. Scale of assessments for apportionment of the regular budget expenses for the biennium 2018-2019**

The General Conference at its seventeenth session will need to establish a scale of assessments for the years 2018 and 2019. 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 2018 and 2019 and any adjustments that might be required for UNIDO.

The Committee will thus have before it:

- Scale of assessments for the fiscal period 2018-2019. Note by the Secretariat (PBC.33/6-IDB.45/6)

**Item 8. Working Capital Fund for the biennium 2018-2019**

In accordance with financial regulation 5.4 paragraph (a), the Committee should recommend to the Board the amount and purposes of the Working Capital Fund for the biennium 2018-2019. At its sixteenth session, the General Conference decided (GC.16/Dec.13) that the level of the Working Capital Fund should remain at €7,423,030 and that the authorized purposes of the Fund for the biennium 2016-2017 should remain the same as for the biennium 2014-2015, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b).

The Committee will thus have before it:

- Working Capital Fund for the biennium 2018-2019. Proposals by the Director General (PBC.33/7-IDB.45/7)

**Item 9. Medium-term programme framework and medium-term investment plan**

In paragraphs (e) and (f) of decision GC.15/Dec.17, the Conference at its fifteenth session requested the Director General to submit from 2015 onwards, on a quadrennial basis, to the Board in the second year of the biennium, through the Committee, a draft medium-term programme framework (MTPF) for four years, taking into account the Lima Declaration: Towards inclusive and sustainable industrial development, the recommendations of the latest comprehensive policy review of operational activities for development, and the recommendations of the outcome document of the informal working group on the future, including programmes and resources, of UNIDO, entitled "Strategic Guidance Document". In line with this decision and with Board decision IDB.44/Dec.10, which requested the Director General to submit to the Board at its forty-fifth session, through the Programme and Budget Committee, an updated MTPF for the period 2018-2021, the main features of the MTPF 2018 to 2021 are therefore presented to the Committee. A detailed proposal on the MTPF, including programmatic refinements following the adoption of General

Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system on 21 December 2016, will be submitted to the Board at its forty-fifth session. The detailed MTPF proposal will also include the updated integrated results and performance framework.

In line with paragraph (l) of decision IDB.43/Dec.6, a medium-term investment plan should be attached to the MTPF and be updated annually. This investment plan will also be presented to the Committee.

The Committee will thus have before it:

- Medium-term programme framework, 2018-2021. Proposals of the Director General (PBC.33/8-IDB.45/8)
- Medium-term investment plan, 2016-2019. Addendum to the report by the Director General (PBC.33/8/Add.1–IDB.45/8/Add.1)
- Updated integrated results and performance framework. Note by the Secretariat. (PBC.33/CRP.5)

#### **Item 10. 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 in order to actively sustain the common resource mobilization efforts. A report on progress made will be submitted to the Board through the Committee, which will provide the Committee with substantive reporting on the various thematic trust funds. This report should be considered in conjunction with the *Annual Report of UNIDO 2016*, which provides information on mobilization of financial resources for that year.

Therefore, the Committee will have before it:

- Funding performance. Annual Report of UNIDO 2016 (PBC.33/2-IDB.45/2, chapter 4)
- Projects approved under the Industrial Development Fund, thematic and individual trust funds, and other voluntary contributions in 2016 (PBC.33/CRP.6)

#### **Item 11. General risk management strategy**

At its thirty-second session, the Committee invited the Director General to report to the next sessions of the Industrial Development Board and the Programme and Budget Committee on UNIDO's general risk management strategy and suggest comprehensive measures for addressing the financial and administrative impact of Member States' leaving the Organization including with a view to reversing the trend of withdrawal (conclusion 2016/8). Accordingly, a report will be presented in line with this conclusion and further to the report presented at the forty-fourth session of the Industrial Development Board (IDB.44/11).

The Committee will thus have before it:

- General risk management strategy. Report by the Director General (PBC.33/9-IDB.45/9)

**Item 12. Appointment of an External Auditor**

In accordance with financial regulation 11.1, an External Auditor, who shall be the 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.16/Dec.14, decided to appoint the Auditor General of Germany as the External Auditor of UNIDO for a period of two years, from 1 July 2016 to 30 June 2018.

In decision GC.6/Dec.18, the Conference requested the Director General 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:

- Candidates for the appointment of an External Auditor. Report by the Director General (PBC.33/10-IDB.45/10)
- Candidates for the appointment of an External Auditor. Note by the Secretariat (PBC.33/CRP.7)

**Item 13. Date of the thirty-fourth session**

The following dates have been reserved for the policymaking organs of UNIDO in 2017 and 2018:

27 to 29 or 30 June 2017	Industrial Development Board, forty-fifth session
27 November to 1 December 2017	General Conference, seventeenth session
19-20 June 2018 (tentative)	Programme and Budget Committee, thirty-fourth session
27-29 November 2018 (tentative)	Industrial Development Board, forty-sixth session

**Item 14. Adoption of the report**

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