



Programme and Budget Committee

Thirty-fifth session

Vienna, 14–16 May 2019

Item 2 of the provisional agenda

Adoption of the agenda

Annotated provisional agenda

Opening of the session

The thirty-fifth session of the Programme and Budget Committee will be opened by Ms. Vera Khutorskaya (Russian Federation), in her capacity as Acting Chairperson of the thirty-fourth 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-fifth session should be elected from members of the Committee from States in List D, and the three Vice-Chairpersons from African States in List A, Asian States in List A and States in List C. The Rapporteur should be elected from members of the Committee from among States in List B.

Item 2. Adoption of the agenda

A provisional agenda for the thirty-fifth 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.35/1 as stipulated in rule 12.

The Committee will have before it:

- Provisional agenda (PBC.35/1)
- Annotated provisional agenda (PBC.35/1/Add.1)
- List of documents (PBC.35/CRP.1)

* Reissued for technical reasons on 15 April 2019.

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 2018

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 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 2018* 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.

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

The Committee will have before it:

- *Annual Report of UNIDO 2018 (including programme performance report)* (PBC.35/2-IDB.47/2)

a. Mid-term review of the medium-term programme framework, 2018–2021

In paragraphs (e) and (f) of decision GC.15/Dec.17, the Conference requested a medium-term programme framework (MTPF) for four years. In addition, the Board, in its decision IDB.44/Dec.10, requested an updated MTPF for the period 2018–2021. A detailed proposal, 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, were presented to the Board at its forty-fifth session. In line with the four-year horizon established in line with IDB.44/Dec.10, a mid-term review of the MTPF will be presented.

The Board will have before it:

- Mid-term review of the medium-term programme framework, 2018–2021. Report by the Director General (PBC.35/10-IDB.47/10)

Item 4. Report of the External Auditor for 2018

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, 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 2017 (IDB.46/3). 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 2018 (PBC.35/3-IDB.47/3)
- Annexes to the report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2018 (unaudited) (PBC.35/CRP.2)
- Comments on the Report of the External Auditor. Note by the Audit Advisory Committee (PBC.35/CRP.6)

Item 5. Financial situation of UNIDO

The report by the Director General to the Industrial Development Board at its forty-sixth session (IDB.46/4) 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.

Pursuant to Board decision IDB.46/Dec.3, paragraph (d), the Secretariat will report to this session of the Committee on all de-prioritization and efficiencies identified and/or implemented since the thirty-third session of the Programme and Budget Committee, with the goal to offset the financial impact on Member States of recosting and new expenditure proposals in the budgets for 2018–2019. The relevant information will be included in the report by the Director General on the financial situation of UNIDO.

Furthermore, at its seventeenth session the Director General apprised the General Conference of the unutilized balances of appropriations (GC.17/CRP.5), encouraging Member States to decide by 15 December 2017 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 Partnership Trust Fund or any other established trust fund, the Industrial Development Fund (IDF), or the application of the amount to their 2018 assessment. A similar call for voluntary contribution of the available balances at the end of 2018 was launched at the end of 2018 (IDB.46/CRP.2 refers). 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.

The Committee will thus have before it:

- Financial situation of UNIDO. Report by the Director General (PBC.35/4-IDB.47/4)
- Status of assessed contributions. Note by the Secretariat (PBC.35/CRP.3)

Item 6. Programme and budgets, 2020–2021

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 eighteenth session, the General Conference will need to consider and approve the programme and budgets, 2020–2021.

The Committee will therefore have before it:

- Programme and budgets, 2020–2021. Proposals of the Director General (PBC.35/5-IDB.47/5)

Item 7. Scale of assessments for apportionment of the regular budget expenses for the biennium 2020–2021

At its eighteenth session, the General Conference will need to establish a scale of assessments for the years 2020 and 2021. 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 2020 and 2021 and any adjustments that might be required for UNIDO.

The Committee will thus have before it:

- Scale of assessments for the fiscal period 2020–2021. Note by the Secretariat (PBC.35/6-IDB.47/6)

Item 8. Working Capital Fund for the biennium 2020–2021

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 2020–2021. At its seventeenth session, the General Conference decided (GC.17/Dec.16) 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 2018–2019 should remain the same as for the biennium 2016–2017, 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 2020–2021. Proposals by the Director General (PBC.35/7-IDB.47/7)

Item 9. Report of 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. This informal working group was to be convened by the President of the industrial Development Board and was to report to the Programme and Budget Committee.

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.

The Committee will therefore have before it:

- Informal working group on Programme and Budget Committee-related issues. Report by the Co-chairs (PBC.35/8-IDB.47/8)

a. Proposal by the informal working group on Programme and Budget Committee-related issues regarding unutilized balances of appropriations

Board decision IDB.46/Dec.8 called on all Member States to reach an agreement on a proposal to address the issue of unutilized balances of appropriations, to be considered by the thirty-fifth session of the Programme and Budget Committee for ultimate adoption by the forty-seventh session of the Industrial Development Board and by the eighteenth session of the General Conference.

The Committee will therefore have before it:

- Proposal by the informal working group on Programme and Budget Committee-related issues regarding unutilized balances of appropriations. Report by the Co-chairs (PBC.35/9-IDB.47/9)

Item 10. Mobilization of financial resources

The *Annual Report of UNIDO 2018* provides information on mobilization of financial resources for that year.

The Committee will have before it:

- Funding performance. Annual Report of UNIDO 2018 (PBC.35/2-IDB.47/2, chapter 8)
- Projects approved under the Industrial Development Fund, thematic and individual trust funds, and other voluntary contributions in 2018 (PBC.35/CRP.4)

Item 11. Appointment of the 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.17/Dec.17, decided to appoint the Auditor General of the Philippines as the External Auditor of UNIDO for a period of two years, from 1 July 2018 to 30 June 2020.

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.35/11-IDB.47/11).
- Candidates for the appointment of an External Auditor. Note by the Secretariat (PBC.35/CRP.5).

Item 12. 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 adopting the draft provisional agenda of its forty-seventh session, the Board noted that an additional item on IDDA III would be included.

In its decision IDB.46/Dec.13, the Board requested the Director General to regularly report on the progress made on IDDA III in the annual reports of the Director General to the Programme and Budget Committee, the Industrial Development Board, and the General Conference, and to the Informal Working Group on PBC-related matters, on a quarterly basis. This report should therefore be considered in conjunction with the information on IDDA III contained in the *Annual Report of UNIDO 2018*.

The Committee will have before it:

- Annual update on the Third Industrial Development Decade for Africa (IDDA III). Report by the Director General (PBC.35/12-IDB.47/12).
- Third Industrial Development Decade for Africa (IDDA III). *Annual Report of UNIDO 2018* (PBC.35/2-IDB.47/2, chapter 7)

Item 13. United Nations Development System reform

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

At its forty-sixth session, the Board was provided with a report by the Director General on UNIDO's engagement with and positioning within the UNDS reform (IDB.46/11).

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 United Nations development system and UNSDG in light of the United Nations development system 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 and periodical assess the benefits of those services for UNIDO, without prejudice to UNIDO's obligations in General Assembly resolution [72/279](#). Furthermore, the Board requested the Director General to report follow-up actions to the recommendations provided by the Industrial Development Board to the high-level political forum on sustainable development (HLPF) under the auspices of the Economic and Social Council.

IDB.46/Dec.12 requested the Director General to report regularly on the above to the Programme and Budget Committee, the Industrial Development Board and the General Conference of UNIDO.

The Board will have before it:

- United Nations Development System reform. Report by the Director General (PBC.35/13-IDB.47/13)

Item 14. Updated medium-term investment plan

In line with paragraph (1) of decision IDB.43/Dec.6, the medium-term investment plan should be updated annually. An investment plan, which updates the previous one presented in document IDB.46/8, will therefore be presented to the Committee.

The Committee will thus have before it:

- Medium-term investment plan, 2019–2022. Report by the Director General (PBC.35/14-IDB.47/14).

Item 15. Date of the thirty-sixth session

The following dates have been reserved for the policymaking organs of UNIDO in 2019 and 2020:

1–3 July 2019	Industrial Development Board, forty-seventh session
3–7 November 2019	General Conference, eighteenth session
15–16 June 2020 (<i>tentative</i>)	Programme and Budget Committee, thirty-sixth session
23–25 November 2020 (<i>tentative</i>)	Industrial Development Board, forty-eighth session

Item 16. Adoption of the report
