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

Report by the Co-chairs

Further to the report of the informal working group on Programme and Budget Committee-related issues contained in document IDB.47/CRP.11, the present document provides an update on the meetings of the informal working group on Programme and Budget Committee-related issues (IWG) since the forty-seventh session of the Industrial Development Board, held from 1 to 3 July 2019. Member States can access all relevant presentations, background documents and summary notes provided to the working group through the UNIDO Member States extranet at extranet.unido.org.

I. Overview of meetings: dates and topics

1. Since 28 May 2019, the IWG held four substantive meetings as follows:
   (a) 28 June 2019, meeting with the members of the Audit Advisory Committee (AAC);
   (b) 9 July 2019, update on the Third Industrial Development Decade for Africa (IDDA III);
   (c) 28 November 2019, briefing by the Secretariat on its Human Resources policy (including zero-tolerance, gender and regional representation); and
   (d) 30 January 2020, meeting with the members of the Audit Advisory Committee (AAC).

2. In September 2019, the IWG appointed Mr. Mohammad Reza Ghaebi, Deputy Permanent Representative of the Islamic Republic of Iran to the International Organizations in Vienna, as a Co-chair of the IWG.

For reasons of economy, this document has not been printed. Delegates are kindly requested to bring their copies of documents to meetings.
II. Meeting with the members of the Audit Advisory Committee (AAC)

3. Members of the AAC met in Vienna with the membership of the IWG on 28 June 2019 to discuss points of relevance to the forty-seventh session of the Board, as well as address any questions concerning the AAC’s comments on the Report of the External Auditor.

4. The IWG also received an update on the status and outcomes of the AAC’s meetings with UNIDO management, as well as on issues raised during the IWG’s previous video conference with the AAC on 6 May 2019. These included after-service health insurance; unutilized balances of appropriations; the reform of the United Nations Development System; results-based budgeting; and the budget-neutral revision of the terms of reference (TORs) of the AAC as well as of the Charter of the Office of Evaluation and Internal Oversight.

5. The AAC highlighted that UNIDO has either established or is developing several tools and approaches such as results-based management; an information technology services strategy; enterprise risk management; and a financial management and accounting policy. However, the AAC noted that these were all in need of further development, streamlining and, in some cases, resources.

6. The good rapport between the AAC and the External Auditor was underlined, and the AAC commended UNIDO for appointing a Managing Director to be the focal point for the implementation of audit recommendations.

7. IWG Members also engaged with the AAC on the most effective means for UNIDO to follow up on the implementation of AAC recommendations. The IWG and the AAC additionally agreed that efficiency gains and management reform were key topics of direct relevance to the AAC and would be included in its future workplans.

III. Update on the Third Industrial Development Decade for Africa (IDDA III)

8. On 9 July 2019, the Secretariat updated the IWG on the status of IDDA III, focusing on the context in which IDDA III is developed; the progress made in IDDA III implementation; the work plan for 2019 and coming years; and the associated workload and resource requirements.

9. The IWG highlighted numerous points which would enhance UNIDO’s efforts to lead the implementation of IDDA III, several of which were under development at the time of the meeting. These included the development of an appropriate data-gathering infrastructure to help collect information on what various stakeholders are doing to support Africa’s industrialization efforts; the establishment of an inventory of ongoing activities for the identification of joint projects and synergies; undertaking a regional approach to the implementation of activities under IDDA III, in particular as related to the African Continental Free Trade Area; and the development of a Programme for Regional Partnership approach.

10. The impact of the reform of the United Nations Development System on IDDA III was also discussed, and it was noted that when UNIDO has been involved in upstream policy dialogues at the country level, its inputs had been included in national industrial strategies and United Nations Sustainable Development Cooperation Frameworks (UNSDCFs). It has also resulted in UNIDO being afforded a lead role on industrial development within United Nations Country Teams (UNCTs).

11. The potential synergies between the Tokyo International Conference on African Development and IDDA III was also discussed, as were the means to make more impactful use of IDDA III Champions.
IV. **Briefing by the Secretariat on its Human Resources policy (including zero-tolerance, gender and regional representation)**

12. At the meeting on 28 November 2019, the Secretariat explained that the UNIDO policy on the prohibition, prevention and resolution of harassment, including sexual harassment, discrimination and abuse of authority (DGB/2019/12) forms UNIDO’s primary policy on harassment and has been in place since 2016, with an update in 2019. To raise awareness among UNIDO personnel about the policy, reporting channels and the complaints procedure, a series of workshops and webinars was held in 2018 and 2019. These resulted in an increased use of the complaint mechanisms.

13. At the system-wide level, UNIDO is a member of the high-level Chief Executives Board for Coordination task force on sexual harassment; consults the United Nations system-wide sexual harassment screening database during recruitment; and has joined the initiative against sexual exploitation and abuse, which requires annual certification by the Director General of the status of complaints.

14. The Policy on Gender Equality and the Empowerment of Women (DGB/2019/16) and the Strategy for Gender Equality and the Empowerment of Women, 2020–2023 (GC.18/15) constitute UNIDO’s key policies on gender. Due to financial constraints and limited external recruitment, UNIDO was not yet able to reach all targets set out in the UNIDO Gender Parity Action Plan (2018–2023) for 2019.

15. With regard to geographical representation, the Secretariat noted that UNIDO’s constitution, staff regulations and staff rules underscore the importance of recruiting staff based foremost on efficiency, competence and integrity, with due regard given to equitable geographic coverage.

16. The Secretariat explained that geographical diversity of UNIDO staff members increased in 2019 by more than 10 per cent. It was also noted that the biggest share of internationally recruited staff is constituted by nationals of Member States from List B, with the lowest share coming from List C. In an exchange with the IWG, it was noted that a faster change of the geographic makeup of UNIDO’s staff could be achieved through increased budgetary means.

17. IWG members proposed the implementation of an action plan regarding equitable geographical representation. The Secretariat explained that an action plan on this matter is planned to be developed for promulgation in 2020/21.

V. **Meeting with the members of the Audit Advisory Committee (AAC)**

18. Members of the AAC met for a second time with the IWG on 30 January 2020, to consult on the proposed amendment of the AAC’s TORs, following the issuance of the Joint Inspection Unit (JIU)’s review of Audit and Oversight Committees in the United Nations system (JIU/REP/2019/6). Feedback on the TORs had been received from Member States and a position paper, as well as the amended TORs, were thereafter circulated for Member States’ written comments. Member States were also informed that the revisions would be brought to the forty-eighth session of the Industrial Development Board.

19. In a survey of members of the Board, the AAC received a high level of positive feedback and an affirmation that its work helps UNIDO better understand risks. At the same time, the AAC noted that the survey responses highlight the need for more effective communication between the AAC and Member States.

20. Based on the outcomes of the JIU review, the AAC recommended to expand its mandate to cover all areas of the Office of Evaluation and Internal Oversight’s competencies to include evaluation and investigation in addition to internal audit. The
IWG showed understanding of, and support for, the proposed budget-neutral amendments to the AAC’s TORs.

21. The AAC noted positive developments concerning UNIDO’s implementation of full cost recovery and resource optimization in technical cooperation. It also lauded UNIDO’s progress on results-based management and its uptake of results-based budgeting, underlining that added value can be expected from an alignment of the programme and budgets, the medium-term programme framework and the Annual Report.

22. UNIDO’s risk profile was also discussed by the AAC, with emphasis placed on proactively targeting non-financial risks, including the development of a human capital strategy and a long-term digitalization strategy. After-service health insurance was identified as a potential hidden liability which needs to be managed.

23. Subsequent to the exchange with the AAC, a draft proposal by the Co-chairs for a six-month schedule for IWG meetings was discussed. By the close of the meeting, no conclusive decision was reached by IWG members on its adoption.

VI. Action required of the Committee

24. The Committee may wish to take note of the information contained in the present document.