



United Nations Industrial Development Organization

Distr.  
GENERAL

IDB.24/11  
PBC.17/11  
10 April 2001

ORIGINAL: ENGLISH

## Industrial Development Board

Twenty-fourth session  
Vienna, 19-22 June 2001

## Programme and Budget Committee

Seventeenth session  
Vienna, 2-4 May 2001  
Item 9 of the provisional agenda

### FINANCIAL REGULATIONS

#### Report by the Chairperson of the Intersessional working group on proposed amendments to the financial regulations H.E. Mrs. Irene Freudenschuss-Reichl (Austria)

#### Introduction

1. In line with Programme and Budget Committee conclusion 2000/3, endorsed by the Industrial Development Board in its decision IDB.23/Dec.3 (which took note of the interim report and encouraged the intersessional working group to continue its deliberations with a view to submitting proposed amendments to the financial regulations to the seventeenth session of the Programme and Budget Committee) the Intersessional working group continued its work in 2001 and held 4 meetings—on 7 February, 20 February, 19 March, and 6 April.

#### I. DISCUSSIONS HELD

2. For the **meeting on 7 February**, the Secretariat circulated a background paper on the “Establishment of a special account for Buildings Management Services”. At that meeting, all technical questions regarding a special account for Buildings Management Services

were satisfactorily answered. Delegations were satisfied that the creation of such an account would have the advantage of enabling longer-term and more economical planning and procurement for maintenance and repair projects and providing for fluctuations in utility costs.

3. Several delegations expressed the view that, while not objecting to the creation of a special account for buildings management, consensual solutions needed to be found to various questions still before the working group, i.e. the special account for the Regular Programme of Technical Cooperation (RPTC) and the question of the amendment of the financial regulations.

4. At the **meeting on 20 February**, the working group had before it a background paper that contained the replies of the Secretariat to questions raised by the Group of 77 on a variety of issues: special accounts for the Regular Programme of Technical Cooperation and Buildings Management Service, on the so-called “IAEA-model” for amending the financial regulations concerning retention of unutilized balances and on

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major objects of expenditure. Also for the meeting, a table was distributed containing proposals for rewording financial regulations 4.2(b) and 4.2(c). At the meeting all questions raised on the functioning of a special account for RPTC were addressed.

5. Given the fact that the technical discussion seemed to be exhausted and sufficient clarity was achieved, the Chairperson undertook to provide—in consultation with delegations—a recommendation to the Committee for discussion at the next meeting of the working group.

6. At the **meeting on 19 March**, the working group had an initial consideration of a draft recommendation for creating two special accounts that was elaborated and proposed by the Group of members of List C of Annex I to the Constitution (Latin America and the Caribbean) with the aim of bridging the gap between the positions of delegations. It was agreed that the chair of that Group should conduct further informal consultations among the regional groups to arrive at a conclusion at the next meeting of the working group.

7. Building on the work done during the three previous meetings as well as on the comments and proposals made during the **meeting on 6 April**, the Chairperson formulated, and the working group agreed upon, a draft recommendation for adoption by the Programme and Budget Committee that would provide for creating two special accounts, one for Buildings Management Services and one for the Regular Programme of Technical Cooperation.

## II. ACTION REQUIRED OF THE COMMITTEE

8. The Intersessional working group on proposed amendments to the Financial Regulations of UNIDO recommended the following draft conclusion for adoption by the Committee:

“The Programme and Budget Committee:

“(a) Recommends the simultaneous creation of a special account for certain activities under Building Management Services and a special account for the Regular Programme of Technical Cooperation, that would not be subject to financial regulations 4.2(b) and 4.2(c), it being understood that the Secretariat will strive to utilize to the fullest extent possible the funds budgeted for each biennium;

“(b) Also recommends that, at the end of each biennium, the Director-General should submit for the information of the General Conference, through the Industrial Development Board, a report on the status and balance of the accounts as well as the External Auditor’s reports on these accounts, and the planned allocation of the unexpended resources in these special accounts;

“(c) Further recommends extending the mandate of the Intersessional working group with a view to submitting proposed amendments to the financial regulations to the Programme and Budget Committee.”