



# United Nations Industrial Development Organization

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## Industrial Development Board

Thirty-second session

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Agenda item 2 of the provisional agenda

### Report of the Programme and Budget Committee on the work of its twenty-second session

(5-6 September 2006)

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For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.



## Introduction

1. The Programme and Budget Committee held its twenty-second session at UNIDO Headquarters, Vienna International Centre, on 5 and 6 September 2006. All 27 Members of the Committee participated in the session: Algeria, Austria, Burkina Faso, China, Côte d'Ivoire, Cuba, Democratic People's Republic of Korea, Ethiopia, France, Germany, Greece, Guatemala, Hungary, Iran (Islamic Republic of), Italy, Japan, Mexico, Pakistan, Peru, Poland, Republic of Korea, Russian Federation, South Africa, Switzerland, Tunisia, Turkey and United Kingdom of Great Britain and Northern Ireland.

2. The following 52 Members of UNIDO also attended the session: Afghanistan, Albania, Angola, Argentina, Azerbaijan, Belarus, Belgium, Bolivia, Brazil, Bulgaria, Chile, Colombia, Costa Rica, Croatia, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, Finland, India, Indonesia, Iraq, Ireland, Jordan, Kenya, Lebanon, Lithuania, Luxembourg, Malaysia, Malta, Mongolia, Morocco, Namibia, Netherlands, Nigeria, Oman, Paraguay, Philippines, Portugal, Romania, Slovakia, Slovenia, Spain, Syrian Arab Republic, the former Yugoslav Republic of Macedonia, Ukraine, United Arab Emirates, Uruguay, Venezuela (Bolivarian Republic of), Viet Nam and Zimbabwe.

3. The following organizations were represented: International Atomic Energy Agency, World Health Organization, African Union, Asian and Pacific Coconut Community, European Commission, International Centre for Genetic Engineering and Biotechnology, International Institute of Refrigeration, League of Arab States and Organization of the Petroleum Exporting Countries.

4. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation Ms. Kongit Sinegiorgis (Ethiopia) as Chairperson; Mr. Tang Guoqiang (China), Mr. Harry Belevan-McBride (Peru) and Ms. Creena Lavery (United Kingdom of Great Britain and Northern Ireland) as Vice-Chairmen; and Mr. Zsolt Bunford (Hungary) as Rapporteur.

5. The agenda for the twenty-second session as adopted by the Committee is contained in document PBC.22/1. Following the adoption of the agenda, the Director-General made an introductory statement that was duly taken into account by the Committee in the consideration of the relevant agenda items.

6. The report of the Programme and Budget Committee is submitted to the Industrial Development Board in accordance with Article 10.4 (d) of the Constitution.

7. The report contains the conclusions reached by the Committee. The annex to the present document contains a list of documents submitted to the Committee at its current session.

8. The following conclusions of the Committee contain recommendations that call for action by the Board at its thirty-second session or are of relevance to the work of that session:

<b>Conclusion</b>	<b>Subject</b>	<b>Page</b>
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2006/3	Financial situation of UNIDO	4
2006/4	Mobilization of financial resources	5

## I. Organizational matters

9. On 5 September, the Committee considered a proposal by the Chairperson to optimize the utilization of available conference-servicing resources and adopted the following conclusion:

### **Conclusion 2006/1 Utilization of available conference-servicing resources**

The Committee, with the aim of utilizing the available conference-servicing resources to the maximum extent possible, decided to suspend with immediate effect rule 24 of its rules of procedure relating to the quorum, for the meetings of its twenty-second session only, provided no substantive decisions were taken at those meetings.

10. The Committee decided to set up informal, in-session consultations with the aim of facilitating the drafting of conclusions and entrusted Vice-Chairperson Ms. Creena Lavery (United Kingdom of Great Britain and Northern Ireland) to chair those consultations.

## II. Report of the External Auditor, financial performance report and programme performance report for the biennium 2004-2005 (item 3); Financial regulations and financial rules (item 5)

11. The Committee decided to discuss simultaneously items 3 and 5.

### A. Report of the External Auditor, financial performance report and programme performance report for the biennium 2004-2005 (item 3)

12. On 5 September, the Committee considered the report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial period 1 January 2004 to 31 December 2005 (PBC.22/3), the financial performance report for the biennium 2004-2005 submitted by the Director-General (PBC.22/4), the *Annual Report of UNIDO 2005*, including the programme performance report (PBC.22/2) and the list of technical cooperation activities (PBC.22/2/Add.1).

13. On 6 September, after consideration of a draft conclusion bearing the title of the item, submitted by the Chairperson (PBC.22/L.4), the Committee adopted the following conclusion:

### **Conclusion 2006/2 Report of the External Auditor, financial performance report and programme performance report for the biennium 2004-2005**

The Committee recommended to the Industrial Development Board the adoption of the following draft decision:

“The Industrial Development Board:

“(a) Takes note of the report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial period 1 January 2004 to 31 December 2005 as contained in document IDB.32/3-PBC.22/3, the financial performance report for the biennium 2004-2005 (IDB.32/4-PBC.22/4) and the *Annual Report of UNIDO 2005*, including the programme performance report for 2005 (IDB.31/2-PBC.22/2 and Add.1);

“(b) Recognizes the important contribution the External Auditor makes to the improvement of UNIDO’s management, operations and performance through his recommendations;

“(c) Expresses its thanks to the External Auditor for the services rendered by him;

“(d) Requests the Director-General to continue implementing the recommendations of the External Auditor and to report thereon to the Industrial Development Board at its thirty-third session.”

## **B. Financial regulations and financial rules (item 5)**

14. On 5 September, the Committee considered a report by the Director-General on financial regulations and financial rules (PBC.22/5) and a note by the Secretariat on the Financial Regulations of UNIDO (PBC.22/CRP.2).

15. On 6 September, at the suggestion of the Chairperson, the Committee took note of the information provided by the Director-General and the Secretariat.

## **III. Financial situation of UNIDO (item 4); Mobilization of financial resources (item 6)**

16. The Committee decided to discuss simultaneously items 4 and 6.

### **A. Financial situation of UNIDO (item 4)**

17. On 5 September, the Committee considered a report by the Director-General on the financial situation of UNIDO (PBC.22/7) and an updated status of assessed contributions in a note by the Secretariat (PBC.22/CRP.4).

18. On 6 September, after consideration of a draft conclusion on the financial situation of UNIDO, submitted by the Chairperson (PBC.22/L.2), the Committee adopted the following conclusion:

### **Conclusion 2006/3 Financial situation of UNIDO**

The Committee recommended to the Industrial Development Board the adoption of the following draft decision:

“The Industrial Development Board:

“(a) Takes note of the information provided in document IDB.32/7-PBC.22/7;

“(b) Urges those Member States and former Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years’ arrears, to do so without delay;

“(c) Requests the Director-General to pursue his efforts and contacts with Member States and former Member States to effect the collection of arrears.”

## **B. Mobilization of financial resources (item 6)**

19. On 5 September, the Committee considered a report by the Director-General on mobilization of financial resources (PBC.22/6), information in the *Annual Report of UNIDO 2005* on funding performance (PBC.22/2, chap. V.C.) and a conference room paper on projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2005 (PBC.22/CRP.3).

20. On 6 September, after consideration of a draft conclusion on the mobilization of financial resources, submitted by the Chairperson (PBC.22/L.3), the Committee adopted the following conclusion:

### **Conclusion 2006/4 Mobilization of financial resources**

The Committee recommended to the Industrial Development Board the adoption of the following draft decision:

“The Industrial Development Board:

“(a) Takes note of the information contained in document IDB.32/6-PBC.22/6;

“(b) Decides to delegate to the Director-General the authority to approve projects for financing under the Industrial Development Fund in 2007 and 2008 in accordance with the priorities defined in the medium-term programme framework, 2006-2009 (GC.11/12);

“(c) Encourages Member States and other donors to increase their voluntary contributions to UNIDO;

“(d) Also encourages all donors to consider contributing programmable funds, specifically to enable UNIDO to implement the integrated programmes in a coordinated manner and achieve the synergy and increased impact envisaged in the integrated programme concept, as well as to support an efficient development and implementation of the new initiatives;

“(e) Calls for the Director-General to continue to expand UNIDO’s access to international development funds;

“(f) Further encourages Governments of recipient countries to play a more active role in sharing with UNIDO the responsibility to mobilize funds for jointly developed integrated programmes and other high-priority activities, and specifically to assist in identifying and accessing funds available at the country level, including cost-sharing arrangements, and funds from bilateral donors, the United Nations Development Programme, World Bank and other development finance institutions;

“(g) Urges Member States to cooperate with the Organization in its efforts to launch and promote UNIDO activities under its three thematic priorities—poverty reduction through productive activities, trade-capacity

building, energy and environment—in the international development context, especially in international conferences and other forms of dialogue, with a view to ensuring that these thematic areas are well known and their relevance for international development targets, including the Millennium Development Goals, is recognized.”

#### **IV. Medium-term programme framework, 2008-2011 (item 7)**

21. On 5 and 6 September, the Committee considered proposals of the Director-General on the medium-term programme framework, 2008-2011 (PBC.22/8).

22. On 6 September, at the suggestion of the Chairperson, the Committee took note of the information provided by the Director-General.

#### **V. Date of the twenty-third session (item 8)**

23. On 5 September, the Committee took note of the entry contained in the annotated agenda (PBC.22/1/Add.1) on the dates reserved for the policy-making organs of UNIDO in 2006 and 2007. The Committee decided to convene its twenty-third session from 2 to 4 May 2007.

#### **VI. Adoption of the report (item 9) and closure of the twenty-second session**

24. On 6 September, the Committee adopted the draft report of its twenty-second session (PBC.22/L.1) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

25. The Committee closed its twenty-second session at 11.56 a.m. on 6 September 2006.

## Annex

## List of documents submitted to the twenty-second session

Symbol	Agenda item	Title
PBC.22/1	2	Provisional agenda
PBC.22/1/Add.1	2	Annotated provisional agenda
PBC.22/2 IDB.31/2	3	<i>Annual Report of UNIDO 2005</i>
PBC.22/2/Add.1 IDB.31/2/Add.1	3	<i>Annual Report of UNIDO 2005</i> . List of technical cooperation activities
PBC.22/3 IDB.32/3	3	Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial period 1 January 2004 to 31 December 2005
PBC.22/4 IDB.32/4	3	Financial performance report for the biennium 2004-2005. Submitted by the Director-General
PBC.22/5 IDB.32/5	5	Financial regulations and financial rules. Report by the Director-General
PBC.22/6 IDB.32/6	6	Mobilization of financial resources. Report by the Director-General
PBC.22/7 IDB.32/7	4	Financial situation of UNIDO. Report by the Director-General
PBC.22/8 IDB.32/8	7	Medium-term programme framework, 2008-2011. Proposals of the Director-General
<b>Conference room papers</b>		
PBC.22/CRP.1	2	List of documents
PBC.22/CRP.2	5	Financial Regulations of UNIDO. Note by the Secretariat
PBC.22/CRP.3	6	Lists of projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2005. Prepared by the Secretariat
PBC.22/CRP.4	4	Status of assessed contributions. Note by the Secretariat
PBC.22/CRP.5	-	List of participants