



United Nations Industrial Development Organization

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Programme and Budget Committee

Twenty-seventh session

Vienna, 11-13 May 2011

Item 2 of the provisional agenda

Adoption of the agenda

Annotated provisional agenda

Opening of the session

The twenty-seventh session of the Programme and Budget Committee will be opened by Mr. A. Groff (Switzerland) in his capacity as Acting Chairman of the twenty-sixth 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 Chairman and three Vice-Chairmen, and from among the delegations of its members a Rapporteur. Rule 17.3 stipulates that the offices of the Chairmen, the three Vice-Chairmen 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 Chairman of the twenty-seventh session should be elected from members of the Committee from African States in List A, and the three Vice-Chairmen from Asian States in List A, States in List B and States in List C. The Rapporteur should be elected from members of the Committee from the States in List D.

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.

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Item 2. Adoption of the agenda

A provisional agenda for the twenty-seventh session, prepared by the Director-General in consultation with the Acting Chairman 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.27/1 as stipulated in rule 12.

The Committee will have before it:

- Provisional agenda (PBC.27/1)
- Annotated provisional agenda (PBC.27/1/Add.1)
- List of documents (PBC.27/CRP.1)

Item 3. Interim report of the External Auditor, including the implementation of recommendations of the External Auditor for the biennium 2008-2009; financial performance report and programme performance report for the biennium 2010-2011

At its twenty-sixth session, the Board requested the External Auditor to submit each year in time for the Committee session, a short interim report on the activities carried out by the External Auditor and any recommendations resulting therefrom (IDB.26/Dec.2, para. (h) (ii)).

Furthermore, in decision IDB.38/Dec.2 on the report of the External Auditor for the period 2008-2009, the Board, *inter alia*, requested the Director-General to continue implementing the recommendations of the External Auditor and to report thereon to the Board at its thirty-ninth session.

Financial regulation 10.6 stipulates that, at the beginning of the second financial year of each biennium, the Director-General shall submit to the Committee an interim financial report on significant financial developments that have affected the Organization during the first calendar year of the biennium concerned.

In addition, 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, as well as a programme performance report describing the level of programme implementation.

In light of the adoption of the International Public Sector Accounting Standards (IPSAS) by UNIDO, effective January 2010, Member States were informed of transitional auditing measures for 2010, the first year of IPSAS compliance. As reported in documents IDB.36/11, paragraphs 5 to 8, and IDB.38/5, paragraphs 31 to 33, an exceptional external audit of financial statements for the year 2010 would be necessary. Given the schedule of meetings of the policymaking organs in 2011, Member States were informed that the presentation of the annual audit report for 2010 will be transmitted to the policymaking organs as soon as practicable.

In accordance with relevant financial regulations, the financial statements will be available at 31 March 2011 by which time the external audit could start. Taking into account the time that is needed for the completion of the external audit, the first meeting of the policymaking organs at which the audit report could possibly be presented is the thirty-ninth session of the Board.

Given these scheduling and time constraints, the External Auditor has decided that as a transitional measure a combined report covering both the interim report of the External Auditor and the first IPSAS-compliant audited statements, will be issued to the thirty-ninth session of the Board. The final report of the External Auditor will also include the Director-General's observations on the implementation of the recommendations of the External Auditor.

Following Committee conclusion 1987/19, and upon recommendation of the Committee and the Board, the General Conference requested the Director-General to incorporate fully in the annual reports the programme performance report for the relevant period (GC.4/Res.2). Thus, the *Annual Report of UNIDO 2010* contains the programme performance report for 2010.

In line with the transitional auditing measures, and also as an exceptional measure, the final report of the External Auditor together with the financial performance report for the year 2010 will be issued to the thirty-ninth session of the Industrial Development Board.

The Committee will have before it:

- *Annual Report of UNIDO 2010* (including interim programme performance report for the biennium 2010-2011) (PBC.27/2-IDB.39/2)

Item 4. Financial situation of UNIDO

The report by the Director-General to the Board at its thirty-eighth session (IDB.38/7), amended through a note by the Secretariat (IDB.38/CRP.2), 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, the Committee will be provided with a document on unutilized balances of appropriations due to Member States in 2012 (as of 31 December 2010).

The Committee will thus have before it:

- Financial situation of UNIDO. Report by the Director-General (PBC.27/14-IDB.39/14)
- Unutilized balances of appropriations. Note by the Secretariat (PBC.27/12-IDB.39/12)

Item 5. Programme and budgets, 2012-2013

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.

The Committee will have before it:

- Programme and budgets, 2012-2013. Proposals of the Director-General (PBC.27/13-IDB.39/13)

Item 6. Scale of assessments for apportionment of the regular budget expenses for the biennium 2012-2013

The General Conference at its fourteenth session will need to establish a scale of assessments for the years 2012 and 2013. 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 2012 and 2013 and any adjustments that might be required for UNIDO.

The Committee will thus have before it:

- Scale of assessments for the fiscal period 2012-2013. Note by the Secretariat (PBC.27/4-IDB.39/4)

Item 7. Working Capital Fund for the biennium 2012-2013

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 2012-2013. At its thirteenth session, the General Conference decided (GC.13/Dec.11) 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 2010-2011 should remain the same as for the biennium 2008-2009, 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 2012-2013. Proposals by the Director-General (PBC.27/3-IDB.39/3)

Item 8. Midterm review of the medium-term programme framework, 2010-2013

At its thirty-eighth session the Industrial Development Board recommended that the General Conference at its fourteenth session decide that the existing medium-term programme framework (MTPF) 2010-2013 remain in force until its scheduled expiry in 2013 (decision IDB.38/Dec.9). In compliance with the same decision, a midterm review of the MTPF conducted in 2011 is presented through the Programme and Budget Committee to the Industrial Development Board.

In response to additional requests for information arising from decision IDB.38/Dec.8, paragraph (g) (iii) and decision IDB.38/Dec.10, paragraph (f) (iv), an addendum to the midterm review of the MTPF 2010-2013 will be presented to the thirty-ninth session of the Board. This will contain the requested information on the implementation of UNIDO activities in the fields of industrial policy and energy and environment.

The Committee will thus have before it:

- Midterm review of the medium-term programme framework, 2010-2013. Report by the Director-General (PBC.27/8-IDB.39/8)

Item 9. Programme for Change and Organizational Renewal

In accordance with General Conference decision GC.13/Dec.15 and Board decision IDB.38/Dec.4, the Committee will be informed of any developments with regard to the Programme for Change and Organizational Renewal (PCOR) and the implementation of the same decisions regarding the unutilized balances of appropriations. The information previously presented to the thirty-eighth session of the Board in documents IDB.38/9, Add.1 and Add.2 will be updated.

The Committee will thus have before it:

- Programme for Change and Organizational Renewal. Report by the Director-General (PBC.27/9-IDB.39/9)

Item 10. Trust funds on food security and renewable energy

In compliance with General Conference decision GC.13/Dec.15 and Board decision IDB.38/Dec.5, the Committee will be presented with information on the special trust fund accounts for technical cooperation activities during the biennium 2010-2011 that were established with part of the amount of unutilized balances of appropriations due to Member States in 2010. The documentation provided under this item will update the information presented to the thirty-eighth session of the Board in document IDB.38/10.

The Committee will thus have before it:

- Trust fund on food security. Report by the Director-General (PBC.27/10-IDB.39/10)

- Trust fund on renewable energy. Report by the Director-General (PBC.27/11-IDB.39/11)

Item 11. Accounting standards

At its twelfth session, the General Conference decided that UNIDO adopt the International Public Sector Accounting Standards (IPSAS), effective 1 January 2010, as part of the United Nations system-wide adoption of those Standards (GC.12/Dec.14).

In accordance with a related decision (IDB.33/Dec.5), the Board at its thirty-third session, requested that the policymaking organs be kept informed of developments relevant to UNIDO with respect to IPSAS. The previous report on this issue (document IDB.38/5) will be updated to reflect any recent developments.

The Committee will thus have before it:

- International Public Sector Accounting Standards. Progress report by the Secretariat (PBC.27/7-IDB.39/7)

Item 12. Financial regulations

Following the interim amendments of the UNIDO financial regulations as approved by the thirteenth session of the General Conference in decision GC.13/Dec.12, a comprehensive review of the Financial Regulations of UNIDO was undertaken taking fully into account the requirements of IPSAS Standards and principles. As a result, further amendments to the financial regulations are presented through the Programme and Budget Committee and the Industrial Development Board for approval by the fourteenth session of the General Conference in 2011.

The Committee will thus have before it:

- Financial Regulations of UNIDO. Note by the Secretariat (PBC.27/6-IDB.39/6)

Item 13. Mobilization of financial resources

The *Annual Report of UNIDO 2010* provides information on the mobilization of financial resources during that year.

The Committee will have before it:

- Information on the mobilization of financial resources, contained in the *Annual Report of UNIDO 2010* (PBC.27/2-IDB.39/2)
- Projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2010 (PBC.27/CRP.2)

Item 14. Appointment of an External Auditor

In accordance with financial regulation 11.1, an External Auditor, who shall be 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.13/Dec.13, decided to extend the appointment of the Auditor General of Pakistan as the External Auditor of UNIDO for a period of two years, from 1 July 2010 to 30 June 2012.

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.27/5-IDB.39/5)
- Candidates for the appointment of an External Auditor. Note by the Secretariat (PBC.27/CRP.3)

Item 15. Date of the twenty-eighth session

The following dates have been reserved for the policymaking organs of UNIDO in 2011 and 2012:

22-24 June 2011	Industrial Development Board, thirty-ninth session
28 November-2 December 2011	General Conference, fourteenth session
14-18 May 2012 (tentative)	Industrial Development Board, fortieth session
3-7 September 2012 (tentative)	Programme and Budget Committee, twenty-eighth session
19-23 November 2012 (tentative)	Industrial Development Board, forty-first session

Item 16. Adoption of the report