



Industrial Development Board

Thirty-ninth session

Vienna, 22-24 June 2011

Agenda item 4

Report of the Programme and Budget Committee

Report of the Programme and Budget Committee on the work of its twenty-seventh session (11-13 May 2011)

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Introduction

1. The Programme and Budget Committee held its twenty-seventh session at UNIDO Headquarters, Vienna International Centre, from 11 to 13 May 2011. All 27 Members of the Committee participated in the session: Algeria, Austria, Brazil, Cameroon, China, Côte d'Ivoire, Ecuador, France, Germany, India, Italy, Japan, Kenya, Lebanon, Mexico, Norway, Pakistan, Poland, Republic of Korea, Russian Federation, Sudan, Switzerland, Tunisia, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, Venezuela (Bolivarian Republic of).

2. The following 57 Members of UNIDO also attended the session: Afghanistan, Albania, Angola, Argentina, Belarus, Belgium, Burkina Faso, Chile, Colombia, Costa Rica, Croatia, Cuba, Cyprus, Czech Republic, Democratic People's Republic of Korea, Denmark, Dominican Republic, Egypt, El Salvador, Finland, Ghana, Greece, Guatemala, Hungary, Indonesia, Iran (Islamic Republic of), Iraq, Ireland, Jordan, Kuwait, Lithuania, Luxembourg, Malaysia, Mongolia, Morocco, Namibia, Netherlands, New Zealand, Nicaragua, Nigeria, Philippines, Portugal, Romania, Saudi Arabia, Serbia, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Syrian Arab Republic, Thailand, United Arab Emirates, Viet Nam, Yemen, Zimbabwe.

3. The following organizations were represented: Food and Agriculture Organization of the United Nations (FAO), International Atomic Energy Agency (IAEA), Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), European Union (EU), International Center for Promotion of Enterprises (ICPE), International Centre for Genetic Engineering and Biotechnology (ICGEB), International Institute of Refrigeration (IIR), International Organization for Migration (IOM), League of Arab States (LAS).

4. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation H.E. Mr. U. K. Yatani (Kenya) as Chairman; Mr. J. R. Rosenberg Guerrero (Ecuador), Mr. I. A. Akil (Pakistan), Mr. A. Groff (Switzerland) as Vice-Chairs; and Mr. V. Uskov (Russian Federation) as Rapporteur.

5. The agenda for the twenty-seventh session as adopted by the Committee is contained in document PBC.27/1. 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 report 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-ninth session or are of relevance to the work of that session:

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I. Organizational and procedural matters

9. On 11 May, the Committee considered a proposal by the Chairman to optimize the utilization of available conference-servicing resources and adopted the following conclusion:

Conclusion 2011/1 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-seventh session only, provided no substantive conclusions 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 Mr. A. Groff (Switzerland) to chair those consultations.

II. Financial situation of UNIDO (item 4); Programme and budgets, 2012-2013 (item 5); Scale of assessments for apportionment of the regular budget expenses for the biennium 2012-2013 (item 6); Working Capital Fund for the biennium 2012-2013 (item 7)

11. The Committee decided to discuss simultaneously items 4, 5, 6 and 7.

A. Financial situation of UNIDO (item 4)

12. On 11 May, the Committee considered a report by the Director-General on the financial situation of UNIDO (PBC.27/14), a note by the Secretariat on unutilized balances of appropriations (PBC.27/12) as well as a conference room paper on the status of assessed contributions (PBC.27/CRP.4) and a conference room paper on unutilized balances of appropriations (PBC.27/CRP.5).

13. On 13 May, after consideration of a draft conclusion on the financial situation of UNIDO, submitted by the Chairman (PBC.27/L.2), the Committee adopted the following conclusion:

Conclusion 2011/2

The Programme and Budget 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.39/14-PBC.27/14;

“(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. Programme and budgets, 2012-2013 (item 5)

14. On 11 May, the Committee considered the proposals of the Director-General for the programme and budgets, 2012-2013 (PBC.27/13).

15. On 13 May, after consideration of a draft conclusion on the programme and budgets, 2012-2013, submitted by the Chairman (PBC.27/L.7), the Committee adopted the following conclusion:

Conclusion 2011/3

The Programme and Budget Committee:

(a) Took note of the proposal of the Director-General for the programme and budgets, 2012-2013;

(b) Recommended to the Director-General to present to the thirty-ninth session of the Board, a revised programme and budgets, 2012-2013, in the maximum total net regular budget amount of €153,231,936;

(c) Understood that the Organization would seek to achieve continuous efficiency gains and savings;

(d) Stressed the need to continue providing UNIDO with sufficient, stable and predictable resources in fulfilment of its mandate;

(e) Regretted that the withdrawal of one Member State would have a substantive negative impact on UNIDO operational activities for development and encouraged the UNIDO Secretariat to take all the necessary actions to minimize that negative impact on UNIDO activities, especially on the technical assistance delivery;

(f) In this context, recommended to the thirty-ninth session of the Industrial Development Board to acknowledge, as a matter of principle, that the withdrawal of any Member State shall not be covered by increasing assessed contributions of remaining Member States;

(g) Also recommended to the Board to establish as soon as practical an informal working group of interested Member States to provide guidance on the future, including programmes and resources, of UNIDO.

C. Scale of assessments for apportionment of the regular budget expenses for the biennium 2012-2013 (item 6)

16. On 11 May, the Committee considered a note by the Secretariat on the scale of assessments for the fiscal period 2012-2013 (PBC.27/4).

17. On 13 May, after consideration of a draft conclusion on the scale of assessments for the fiscal period 2012-2013 submitted by the Chairman (PBC.27/L.3), the Committee adopted the following conclusion:

Conclusion 2011/4

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

“The Industrial Development Board:

“(a) Takes note of document IDB.39/4-PBC.27/4;

“(b) Recommends to the General Conference the establishment of a scale of assessments for the fiscal period 2012-2013 based on the United Nations General Assembly resolution 64/248, adjusted to the membership of UNIDO on the understanding that new members shall be assessed for the year in which they become members on the basis of the United Nations scale of assessments, as applicable to UNIDO;

“(c) Urges Member States to pay their assessed contributions for the 2012-2013 biennium in accordance with financial regulation 5.5 (b), which states that contributions and advances shall be due and payable in full within thirty days of the receipt of the communication of the Director-General, or as of the first day of the financial year to which it relates, whichever is later;

“(d) Calls on Member States and former Member States that are in arrears to fulfil their constitutional obligations by paying their outstanding assessed contributions in full and without conditions as soon as possible, or to take advantage of payment plans to settle their arrears, in accordance with previous decisions by the governing bodies of UNIDO.”

D. Working Capital Fund for the biennium 2012-2013 (item 7)

18. On 11 May, the Committee considered the proposals of the Director-General on the Working Capital Fund for the biennium 2012-2013 (PBC.27/3).

19. On 13 May, after consideration of a draft conclusion on the Working Capital Fund for the biennium 2012-2013 submitted by the Chairman (PBC.27/L.4), the Committee adopted the following conclusion:

Conclusion 2011/5

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

“The Industrial Development Board:

“(a) Takes note of document IDB.39/3-PBC.27/3;

“(b) Recommends to the General Conference that the level of the Working Capital Fund for the biennium 2012-2013 should remain at €7,423,030 and that the authorized purposes of the Fund for the biennium 2012-2013 should remain the same as for the biennium 2010-2011, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b);

“(c) Urges Member States to pay their outstanding assessed contributions as soon as possible to minimize the need to withdraw sums from the Working Capital Fund to meet shortfalls in the payment of assessed contributions.”

III. Midterm review of the medium-term programme framework, 2010-2013 (item 8)

20. On 11 May, the Committee considered a report by the Director-General on the midterm review of the medium-term programme framework (PBC.27/8*).

21. On 13 May, at the suggestion of the Chairman, the Committee took note of the information provided by the Director-General on item 8.

IV. Programme for Change and Organizational Renewal (item 9)

22. On 11 May, the Committee considered a report by the Director-General on the Programme for Change and Organizational Renewal (PBC.27/9).

23. On 13 May, at the suggestion of the Chairman, the Committee took note of the information provided by the Director-General on item 9.

V. Trust funds on food security and renewable energy (item 10)

24. On 12 May, the Committee considered a report by the Director-General on the trust fund on food security (PBC.27/10) and a report by the Director-General on the trust fund on renewable energy (PBC.27/11).

25. On 13 May, at the suggestion of the Chairman, the Committee took note of the information provided by the Director-General on item 10.

VI. Accounting standards (item 11); Financial regulations (item 12)

26. The Committee decided to discuss simultaneously items 11 and 12.

A. Accounting standards (item 11)

27. On 12 May, the Committee considered a progress report by the Secretariat on International Public Sector Accounting Standards (PBC.27/7).

28. On 13 May, at the suggestion of the Chairman, the Committee took note of the information provided by the Secretariat on item 11.

B. Financial regulations (item 12)

29. On 12 May, the Committee considered a note by the Secretariat on the Financial Regulations of UNIDO (PBC.27/6).

30. On 13 May, after consideration of a draft conclusion on the Financial Regulations of UNIDO submitted by the Chairman (PBC.27/L.5), the Committee adopted the following conclusion:

Conclusion 2011/6

The Programme and Budget 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.39/6-PBC.27/6, including the proposed amendments to the financial regulations deemed necessary for compliance with the International Public Sector Accounting Standards (IPSAS);

“(b) Decides to submit to the General Conference at its fourteenth session for consideration and adoption the amendments to the Financial Regulations of UNIDO as set out in the annex of document IDB.39/6-PBC.27/6;

“(c) Also decides that the External Auditor shall conduct an annual financial audit for each financial year (1 January to 31 December inclusive), for the total external audit fee included in the respective biennial budgets.”

VII. Mobilization of financial resources (item 13)

31. On 12 May, the Committee considered the information contained in the *Annual Report of UNIDO 2010* on the mobilization of financial resources (PBC.27/2) and a conference room paper prepared by the Secretariat on projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2010 (PBC.27/CRP.2).

32. On 13 May, at the suggestion of the Chairman, the Committee took note of the information contained in the *Annual Report of UNIDO 2010* and the information provided by the Secretariat on item 13.

VIII. 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 (item 3); Appointment of an External Auditor (item 14)

33. The Committee decided to discuss simultaneously items 3 and 14.

A. 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 (item 3)

34. On 12 May, the Committee considered the *Annual Report of UNIDO 2010* (including the interim programme performance report for the biennium 2010-2011) (PBC.27/2).

35. On 13 May, at the suggestion of the Chairman, the Committee took note of the information provided by the Director-General on item 3.

B. Appointment of an External Auditor (item 14)

36. On 12 May, the Committee considered two reports by the Director-General on candidates for the appointment of External Auditor (PBC.27/5 and Add.1) and two notes by the Secretariat on candidates for the appointment of External Auditor (PBC.27/CRP.3 and Add.1).

37. On 13 May, at the suggestion of the Chairman, the Committee took note of the information provided on item 14.

IX. Date of the twenty-eighth session (item 15)

38. On 12 May, the Committee took note of the entry contained in the annotated agenda (PBC.27/1/Add.1) on the dates reserved for the policymaking organs of UNIDO in 2011 and 2012.

39. On 13 May, after consideration of a draft conclusion on the date of the twenty-eighth session, submitted by the Chairman (PBC.27/L.6), the Committee adopted the following conclusion:

Conclusion 2011/7

The Programme and Budget Committee decided to hold its twenty-eighth session on 5 and 6 September 2012.

X. Adoption of the report (item 16) and closure of the twenty-seventh session

40. On 13 May, the Committee adopted the draft report on the work of its twenty-seventh session (PBC.27/L.1) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

41. The Committee closed its twenty-seventh session at 6.00 p.m. on 13 May 2011.

Annex

List of documents submitted to the twenty-seventh session

<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
PBC.27/1	2	Provisional agenda
PBC.27/1/Add.1	2	Annotated provisional agenda
PBC.27/2-IDB.39/2	3	<i>Annual Report of UNIDO 2010</i>
PBC.27/3-IDB.39/3	7	Working Capital Fund for the biennium 2012-2013. Proposals of the Director-General
PBC.27/4-IDB.39/4	6	Scale of assessments for the fiscal period 2012-2013. Note by the Secretariat
PBC.27/5-IDB.39/5	14	Candidates for the appointment of an External Auditor. Report by the Director-General
PBC.27/5/Add.1- IDB.39/5/Add.1	14	Candidates for the appointment of an External Auditor. Report by the Director-General. Addendum
PBC.27/6-IDB.39/6	12	Financial Regulations of UNIDO. Note by the Secretariat
PBC.27/7-IDB.39/7	11	International Public Sector Accounting Standards. Progress report by the Secretariat
PBC.27/8*-IDB.39/8*	8	Midterm review of the medium-term programme framework, 2010-2013. Report by the Director-General
PBC.27/9-IDB.39/9	9	Programme for Change and Organizational Renewal (PCOR). Report by the Director-General
PBC.27/10-IDB.39/10	10	Trust fund on food security. Report by the Director-General
PBC.27/11-IDB.39/11	10	Trust fund on renewable energy. Report by the Director-General
PBC.27/12-IDB.39/12	4	Unutilized balances of appropriations. Note by the Secretariat
PBC.27/13-IDB.39/13	5	Programme and budgets 2012-2013. Proposals of the Director-General
PBC.27/14-IDB.39/14	4	Financial situation of UNIDO. Report by the Director-General
Conference room papers		
PBC.27/CRP.1	2	List of documents
PBC.27/CRP.2	13	Projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2010. Prepared by the Secretariat
PBC.27/CRP.3	14	Candidates for the appointment of an External Auditor. Note by the Secretariat
PBC.27/CRP.3/Add.1	14	Candidates for the appointment of an External Auditor. Note by the Secretariat. Addendum
PBC.27/CRP.4	4	Status of assessed contributions. Note by the Secretariat
PBC.27/CRP.5	4	Unutilized balances of appropriations. Note by the Secretariat
PBC.27/CRP.6*	–	List of participants