



## **Industrial Development Board**

### **Fortieth session**

Vienna, 20-22 November 2012

Item 4 of the provisional agenda

### **Report of the Programme and Budget Committee**

## **Report of the Programme and Budget Committee on the work of its twenty-eighth session (25-26 June 2012)**

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## Introduction

1. The Programme and Budget Committee held its twenty-eighth session at UNIDO Headquarters, Vienna International Centre, from 25 to 26 June 2012. All 27 Members of the Committee participated in the session: Algeria, Austria, Belgium, China, Côte d'Ivoire, Cuba, France, Germany, India, Indonesia, Iran (Islamic Republic of), Italy, Japan, Kenya, Mexico, Nigeria, Pakistan, Peru, Poland, Russian Federation, South Africa, Spain, Sudan, Switzerland, Turkey, Ukraine and Venezuela (Bolivarian Republic of).

2. The following 53 Members of UNIDO also attended the session: Afghanistan, Albania, Angola, Argentina, Armenia, Belarus, Brazil, Burkina Faso, Chile, Colombia, Costa Rica, Croatia, Cyprus, Czech Republic, Democratic People's Republic of Korea, Denmark, Dominican Republic, Ecuador, El Salvador, Finland, Greece, Guatemala, Hungary, Ireland, Israel, Jordan, Kazakhstan, Lebanon, Libya, Lithuania, Luxembourg, Malaysia, Malta, Morocco, Norway, Panama, Philippines, Portugal, Republic of Korea, Saudi Arabia, Serbia, Slovakia, Slovenia, Sri Lanka, Sweden, Syrian Arab Republic, Thailand, the former Yugoslav Republic of Macedonia, Tunisia, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, Viet Nam and Zimbabwe.

3. The European Union was represented.

4. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation H.E. Ms. C. Stix-Hackl (Austria) as Chairperson; H.E. Ms. M. O. Laose (Nigeria), Mr. A. H. Axioma (Indonesia), Ms. A. Leśnodorska (Poland) as Vice-Chairs; and Mr. S. García Hofer (Mexico) as Rapporteur.

5. The agenda for the twenty-eighth session as adopted by the Committee is contained in document PBC.28/1. 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 fortieth session or are of relevance to the work of that session:

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## I. Organizational and procedural matters

9. On 25 June, the Committee considered a proposal by the Chairperson to optimize the utilization of available conference-servicing resources and adopted the following conclusion:

### Conclusion 2012/1 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-eighth 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 H.E. Ms. M. O. Laose (Nigeria) to chair those consultations.

## II. Annual Report of the Director-General for 2011 (item 3)

11. On 25 June, the Committee considered the *Annual Report of UNIDO 2011* (PBC.28/2) and a note by the Director-General entitled “Sustainable Energy for All — Commitments and implementation highlights from Rio+20” (PBC.28/CRP.5).

12. On 26 June, at the suggestion of the Chairperson, the Committee took note of the information provided by the Director-General on item 3.

## III. Report of the External Auditor (item 4)

13. On 25 June, the Committee considered the report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial year 1 January to 31 December 2011 (PBC.28/3).

14. On 26 June, after consideration of a draft conclusion on the report of the External Auditor, submitted by the Chairperson (PBC.28/L.2), the Committee adopted the following conclusion:

### Conclusion 2012/2 Report of the External Auditor

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 report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial period 1 January to 31 December 2011, including the financial performance report, as contained in document IDB.40/3-PBC.28/3, and the *Annual Report of UNIDO 2011*, including the programme performance report for 2011 (IDB.40/2-PBC.28/2);

“(b) Also takes note of the statements of the Director-General and the External Auditor made at the twenty-eighth session of the Programme and Budget Committee;

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

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

“(e) Calls upon the Director-General to ensure within existing resources regular auditing of field offices;

“(f) Requests the Director-General to work in consultation with the Secretariat to ensure that the risk of a possible increase in the cost of operations in managing the new SAP system is covered by existing resources;

“(g) Also requests the Director-General to continue implementing the recommendations of the External Auditor and to report thereon to the Industrial Development Board at its forty-first session.”

#### **IV. Strengthening UNIDO programmes through unutilized balances of appropriations (item 6)**

15. On 25 June, the Committee considered four reports by the Director-General on the Programme for Change and Organizational Renewal (PBC.28/5), the trust fund on food security (PBC.28/6), the trust fund on renewable energy (PBC.28/7) and unutilized balances of appropriations (PBC.28/8).

16. On 26 June, at the suggestion of the Chairperson, the Committee took note of the information provided by the Director-General on item 6.

#### **V. Informal working group on the future, including programmes and resources, of UNIDO (item 7)**

17. On 26 June, the Committee considered an interim report of the Co-Chairs, H.E. Ms. A. T. Dengo Benavides, Costa Rica, and Mr. A. Groff, Switzerland, on the informal working group on the future, including programmes and resources, of UNIDO (PBC.28/10).

18. On 26 June, at the suggestion of the Chairperson, the Committee took note of the information provided on item 7.

#### **VI. Financial situation of UNIDO (item 5); Mobilization of financial resources (item 8)**

19. The Committee decided to discuss simultaneously items 5 and 8.

## A. Financial situation of UNIDO (item 5)

20. On 26 June, the Committee considered a report by the Director-General on the financial situation of UNIDO (PBC.28/4), a note by the Director-General on a request from Ukraine for restoration of voting rights based on a payment plan (PBC.28/11), a note by the Secretariat on the Financial Regulations of UNIDO (PBC.28/CRP.2) and a note by the Secretariat on the status of assessed contributions (PBC.28/CRP.4).

21. On 26 June, after consideration of a draft conclusion on the financial situation of UNIDO, submitted by the Chairperson (PBC.28/L.3), and a draft conclusion on the request from Ukraine for restoration of voting rights based on a payment plan, submitted by the Chairperson (PBC.28/L.4), the Committee adopted the following conclusions:

### Conclusion 2012/3 Financial situation of UNIDO

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.40/4-PBC.28/4;

“(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;

“(d) Urges the Director-General to intensify his efforts to ensure that current Member States sustain their support and that new Member States are attracted to the Organization.”

### Conclusion 2012/4 Request from Ukraine for restoration of voting rights based on a payment plan

The Programme and Budget Committee:

(a) Took note of the information provided in document PBC.28/11;

(b) Welcomed the commitment of Ukraine to settle its arrears through a payment plan agreement and encouraged Ukraine to pay regularly its instalments in line with the conditions therein;

(c) At the request of Ukraine, decided to restore its voting rights at the Programme and Budget Committee in accordance with Article 5.2 of the UNIDO Constitution;

(d) Recommended to the Industrial Development Board and the General Conference to consider positively the request of Ukraine for the restoration of voting rights in accordance with Article 5.2 of the Constitution of UNIDO.

## **B. Mobilization of financial resources (item 8)**

22. On 26 June, the Committee considered a report by the Director-General on the mobilization of financial resources (PBC.28/9), information contained in chapter 2 of the *Annual Report of UNIDO 2011* on funding performance (PBC.28/2) and a conference room paper prepared by the Secretariat on projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2011 (PBC.28/CRP.3).

23. On 26 June, after consideration of a draft conclusion on the mobilization of financial resources, submitted by the Chairperson (PBC.28/L.5), the Committee adopted the following conclusion:

### **Conclusion 2012/5 Mobilization of financial resources**

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.40/9-PBC.28/9;

“(b) Decides to delegate to the Director-General the authority to approve, in consultation with the relevant countries, projects for financing under the programmable segment of the Industrial Development Fund in 2012 and 2013 in accordance with the priorities defined in the medium-term programme framework 2010-2013 (IDB.35/8/Add.1) and as adjusted in the midterm review of the medium-term programme framework 2010-2013 (IDB.39/8\*);

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

“(d) Also encourages all donors to consider contributing programmable funds, specifically to enable UNIDO to respond rapidly to requests for assistance and develop and implement its programmatic activities in a prompt and coordinated manner;

“(e) Requests Member States to consider contributing to UNIDO to enable the Organization to work with funding sources requiring co-funding, either through contributing to the dedicated trust funds or by special purpose funding at country or global level;

“(f) Further encourages Governments of recipient countries to play an active role in sharing with UNIDO the responsibility for mobilizing funds for jointly agreed priority activities, and specifically to take the lead in identifying and accessing funds available at the country level, including local cost sharing

opportunities, and funds from bilateral donors, multi-donor trust funds, United Nations Development Programme, World Bank as well as other development finance institutions;

“(g) Encourages the Director-General to diversify UNIDO’s sources of funding;

“(h) Strongly recommends Member States to cooperate with and support the Organization in its efforts to develop and promote its programmes and initiatives in the international development context, and especially through international conferences and other forms of dialogue, in order to ensure that these initiatives are well known, their relevance for international development targets are recognized, and resources are made available.”

## **VII. Date of the twenty-ninth session (item 9)**

24. On 26 June, the Committee took note of the entry contained in the annotated agenda (PBC.28/1/Add.1) on the dates reserved for the policymaking organs of UNIDO in 2012 and 2013.

25. On 26 June, after consideration of a draft conclusion on the date of the twenty-ninth session, submitted by the Chairperson (PBC.28/L.6), the Committee adopted the following conclusion:

### **Conclusion 2012/6 Date of the twenty-ninth session**

The Programme and Budget Committee decided to hold its twenty-ninth session from 22 to 24 May 2013.

## **VIII. Adoption of the report (item 10) and closure of the twenty-eighth session**

26. On 26 June, the Committee adopted the draft report on the work of its twenty-eighth session (PBC.28/L.1) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

27. The Committee closed its twenty-eighth session at 5.15 p.m. on 26 June 2012.

## Annex

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

<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
PBC.28/1	2	Provisional agenda
PBC.28/1/Add.1	2	Annotated provisional agenda
PBC.28/2-IDB.40/2	3	Annual Report of UNIDO 2011
PBC.28/3-IDB.40/3	4	Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial year 1 January to 31 December 2011
PBC.28/4-IDB.40/4	5	Financial situation of UNIDO. Report by the Director-General
PBC.28/5-IDB.40/5	6	Programme for Change and Organizational Renewal. Report by the Director-General
PBC.28/6*-IDB.40/6*	6	Trust fund on food security. Report by the Director-General
PBC.28/7-IDB.40/7	6	Trust fund on renewable energy. Report by the Director-General
PBC.28/8-IDB.40/8	6	Unutilized balances of appropriations. Report by the Director-General
PBC.28/9-IDB.40/9	8	Mobilization of financial resources. Report by the Director-General
PBC.28/10-IDB.40/10	7	Informal working group on the future, including programmes and resources, of UNIDO. Interim report of the Co-Chairs (H.E. Ms. A. T. Dengo Benavides, Costa Rica, and Mr. A. Groff, Switzerland)
PBC.28/11-IDB.40/11	5	Request from Ukraine for restoration of voting rights based on payment plan. Note by the Director-General
<b>Conference room papers</b>		
PBC.28/CRP.1	2	List of documents
PBC.28/CRP.2	5	Financial Regulations of UNIDO. Note by the Secretariat
PBC.28/CRP.3	8	Projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2011. Prepared by the Secretariat
PBC.28/CRP.4	5	Status of assessed contributions. Note by the Secretariat
PBC.28/CRP.5	3	Sustainable Energy for All – Commitments and implementation highlights from Rio+20. Note by the Director-General
PBC.28/CRP.6	–	List of participants