



General Conference

Sixteenth session

Vienna, 30 November-4 December 2014

Report of the Industrial Development Board on the work of its forty-second session

(25-26 November 2014)

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Introduction

1. The report of the Industrial Development Board on the work of its forty-second session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. As decided by the Board at its forty-first session (IDB.41/Dec.12 (j)), written summary records in all six languages of the Board will be replaced with digital recordings. These are available through the UNIDO Extranet.

I. Organizational and procedural matters

2. The forty-second session of the Board was held at UNIDO Headquarters, Vienna International Centre, from 25 to 26 November 2014 (five plenary meetings).

Participation

3. The following 51 of the 53 members of the Board were represented at the session: Algeria, Argentina, Austria, Belgium, Brazil, Burkina Faso, Cameroon, China, Costa Rica, Côte d'Ivoire, Cuba, Czech Republic, Ecuador, Egypt, Finland, France, Germany, Ghana, Greece, Guatemala, Hungary, India, Iran (Islamic Republic of), Ireland, Italy, Japan, Jordan, Kuwait, Mexico, Namibia, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Republic of Korea, Romania, Russian Federation, South Africa, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand, Tunisia, Turkey, Venezuela (Bolivarian Republic of) and Zimbabwe.

4. The following 38 Member States of UNIDO also participated in the session: Afghanistan, Angola, Armenia, Azerbaijan, Bolivia (Plurinational State of), Bulgaria, Chile, Colombia, Cyprus, Democratic People's Republic of Korea, Dominican Republic, El Salvador, Indonesia, Israel, Kazakhstan, Kenya, Lao People's Democratic Republic, Lebanon, Libya, Luxembourg, Malaysia, Malta, Morocco, Nicaragua, Oman, Panama, Paraguay, Portugal, Qatar, Saudi Arabia, Serbia, Slovakia, Slovenia, the former Yugoslav Republic of Macedonia, Ukraine, United Arab Emirates, Uruguay and Yemen.

5. The State of Palestine participated as observer.

6. The Sovereign Military Order of Malta participated as observer.

7. The following United Nations bodies were represented: The United Nations (UN) and United Nations High Commissioner for Refugees (UNHCR).

8. The following specialized agencies and related organizations were represented: Food and Agriculture Organization of the United Nations (FAO).

9. The following other intergovernmental organizations were represented: Asian-African Legal Consultative Organization (AALCO), European Union (EU) and International Center for Promotion of Enterprises (ICPE).

10. The following non-governmental organizations were represented: Center for Global Dialogue and Cooperation (CGDC), Global Options and Linkages (GOAL),

Institut Supérieur de Gestion (ISG), International Council of Women (ICW), International Federation of Automatic Control (IFAC), International Investment Center (IIC) and Soroptimist International (SI).

Opening of the session

11. The forty-second session of the Board was declared open by the Acting President of the forty-first session, H.E. Mr. A.L.A. Azeez (Sri Lanka).

Officers of the session

12. In accordance with rule 23 of the rules of procedure, the Board elected by acclamation H.E. Mr. T. J. Seokolo (South Africa) as President, H.E. Mr. C. Istrate (Romania), H.E. Mr. K. M. Scharinger (Germany) and H.E. Mr. S. Marafi (Kuwait) as Vice-Presidents, and Ms. L. M. Zozaya Rojas (Mexico) as Rapporteur.

Agenda of the session

13. The Board adopted the following agenda:
1. Election of officers.
 2. Adoption of the agenda.
 3. Annual Report of the Director General for 2013.
 4. Report of the Programme and Budget Committee:
 - (a) Report of the External Auditor for 2013;
 - (b) Financial situation of UNIDO, including unutilized balances of appropriations;
 - (c) Mobilization of financial resources.
 5. Provisional outline of the medium-term programme framework, 2016-2019.
 6. Activities of the Office for Independent Evaluation.
 7. Activities of the Joint Inspection Unit.
 8. UNIDO activities in environment and energy.
 9. Implementation of the Lima Declaration: Towards inclusive and sustainable industrial development:
 - (a) UNIDO's assistance to Member States towards achieving enhanced levels of inclusive and sustainable industrial development;
 - (b) UNIDO and the post-2015 development agenda;
 - (c) Implementation of the recommendations relating to the management criteria contained in the "Strategic Guidance Document".

10. Report on the work of the Multilateral Diplomatic Committee in UNIDO.
11. Personnel matters.
12. Matters related to intergovernmental, non-governmental, governmental and other organizations.
13. Provisional agenda and date of the forty-third session.
14. Adoption of the report.

14. The Board adopted a proposal by the President to ensure the maximum utilization of available conference-servicing resources (see annex I, decision IDB.42/Dec.1).

15. The Board decided to set up informal in-session consultations with the aim of facilitating the drafting of decisions and entrusted Vice-President H.E. Mr. K. M. Scharinger (Germany) to chair those consultations.

II. Annual Report of the Director General for 2013 (item 3)

16. Under item 3, the Board had before it the *Annual Report of UNIDO 2013* (including the programme performance report) (IDB.42/2) and a summary submitted by the Secretariat on the First UNIDO Donor Meeting which took place on 3 November 2014 (IDB.42/CRP.6). At the proposal of the President, the Board took note of the documents provided.

III. Report of the Programme and Budget Committee (items 4 (a) to (c))

17. Under item 4, including sub-items (a) to (c), the Board had before it the report of the Programme and Budget Committee on the work of its thirtieth session (IDB.42/7).

A. Report of the External Auditor for 2013

18. Under sub-item 4 (a), the Board had before it 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 2013 (IDB.42/3) and a report by the Director General on efficiency gains achieved through the implementation of the Programme for Change and Organizational Renewal (PCOR) (IDB.42/8). The Board considered a draft decision submitted by the President (IDB.42/L.2) and adopted decision IDB.42/Dec.2 (see annex I).

B. Financial situation of UNIDO, including unutilized balances of appropriations

19. Under sub-item 4 (b), the Board had before it a report by the Director General on the financial situation of UNIDO (IDB.42/4), a report by the Director General on

UNIDO's financial contributions to the United Nations Resident Coordinator system (IDB.42/6 and Add.1), a note by the Secretariat on the Financial Regulations of UNIDO (PBC.30/CRP.2) and a note by the Secretariat on the status of assessed contributions (IDB.42/CRP.2). The Board considered a draft decision submitted by the President (IDB.42/L.3) and adopted decision IDB.42/Dec.3 (see annex I).

C. Mobilization of financial resources

20. Under sub-item 4 (c), the Board had before it a report by the Director General on the mobilization of financial resources (IDB.42/5), along with information on the Organization's funding performance contained in the *Annual Report of UNIDO 2013* (IDB.42/2, chapter 1) and on projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2013 (PBC.30/CRP.4). The Board considered a draft decision submitted by the President (IDB.42/L.4) and adopted decision IDB.42/Dec.4 (see annex I).

IV. Provisional outline of the medium-term programme framework, 2016-2019 (item 5)

21. Under item 5, the Board had before it a note by the Secretariat on the provisional outline of the medium-term programme framework, 2016-2019 (IDB.42/9). At the proposal of the President, the Board took note of the documentation provided.

V. Implementation of the Lima Declaration: Towards inclusive and sustainable industrial development (items 9 (a) to (c))

A. UNIDO's assistance to Member States towards achieving enhanced levels of inclusive and sustainable industrial development

22. Under sub-item 9 (a), the Board had before it a report by the Director General on UNIDO's assistance to Member States towards achieving enhanced levels of inclusive and sustainable industrial development (IDB.42/14) and a summary submitted by the Secretariat on the UNIDO Forum on partnerships to scale up investment for inclusive and sustainable industrial development which took place on 4 and 5 November 2014 (IDB.42/CRP.5). At the proposal of the President, the Board took note of the documentation provided.

B. UNIDO and the post-2015 development agenda

23. Under sub-item 9 (b), the Board had before it a report by the Director General on UNIDO and the post-2015 development agenda (IDB.42/15). At the proposal of the President, the Board took note of the documentation provided.

C. Implementation of the recommendations relating to the management criteria contained in the “Strategic Guidance Document”

24. Under sub-item 9 (c), the Board had before it a report by the Director General on UNIDO activities related to the implementation of the recommendations relating to the management criteria contained in the “Strategic Guidance Document” (IDB.42/16) and a note submitted by the Secretariat entitled “Raising operational efficiency: Further economies in travel activities” (IDB.42/CRP.8). At the proposal of the President, the Board took note of the documentation provided.

VI. Activities of the Office for Independent Evaluation (item 6)

25. Under item 6, the Board had before it a note by the Secretariat on the activities of the Office for Independent Evaluations (IDB.42/10). The Board considered a draft decision submitted by the President (IDB.42/L.5) and adopted decision IDB.42/Dec.5 (see annex I).

VII. Activities of the Joint Inspection Unit (item 7)

26. Under item 7, the Board had before it a report by the Director General on activities of the Joint Inspection Unit (IDB.42/11). At the proposal of the President, the Board took note of the documentation provided.

VIII. UNIDO activities in environment and energy (item 8)

27. Under item 8, the Board had before it reports by the Director General on UNIDO activities related to environment (IDB.42/12) and UNIDO activities related to energy (IDB.42/13). At the proposal of the President, the Board took note of the documentation provided.

IX. Report on the work of the Multilateral Diplomatic Committee in UNIDO (item 10)

28. Under item 10, the Board had before it a report by the Chairperson of the Multilateral Diplomatic Committee (IDB.42/CRP.7). At the proposal of the President, the Board took note of the documentation provided.

X. Personnel matters (item 11)

29. Under item 11, the Board had before it a report by the Director General on personnel matters (IDB.42/17), and a list of staff of the UNIDO Secretariat as of 1 November 2014 (IDB.42/CRP.3). The Board considered a draft decision submitted by the President (IDB.42/L.6) and adopted decision IDB.42/Dec.6 (see annex I).

XI. Matters related to intergovernmental, non-governmental, governmental and other organizations (item 12)

30. Under item 12, the Board had before it a note by the Director General entitled “Information on intergovernmental organizations” (IDB.42/18). The Board considered a draft decision submitted by the President (IDB.42/L.8) and adopted decision IDB.42/Dec.7 (see annex I).

XII. Provisional agenda and date of the forty-third session (item 13)

31. Under item 13, the Board had before it a note by the Director General on the provisional agenda and date of the forty-third session (IDB.42/CRP.4). The Board considered a draft decision submitted by the President (IDB.42/L.7) and adopted decision IDB.42/Dec.8 (see annex I).

XIII. Adoption of the report (item 14)

32. Under item 14, the Board considered the draft report (IDB.42/L.1) and adopted it as a whole with the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

XIV. Closure of the session

33. On 26 November 2014, at 5:30 p.m., the Board closed its forty-second session.

Annex I**Decisions adopted by the Board at its forty-second session**

Decision No.	Title	Page
1	Utilization of available conference-servicing resources	10
2	Report of the External Auditor for 2013	10
3	Financial situation of UNIDO	10
4	Mobilization of financial resources	11
5	Activities of the Office for Independent Evaluation	11
6	Personnel matters	12
7	Relationship agreements with intergovernmental organizations	12
8	Provisional agenda and date of the forty-third session	13

Decision IDB.42/Dec.1 Utilization of available conference-servicing resources

The Industrial Development Board, with the aim of utilizing the available conference-servicing resources to the maximum extent possible, decided to suspend with immediate effect rule 32 of its rules of procedure relating to the quorum, for the meetings of its forty-second session only, provided no substantive decisions were taken at those meetings.

*1st plenary meeting
25 November 2014*

Decision IDB.42/Dec.2 Report of the External Auditor for 2013

The Industrial Development Board:

(a) Took 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 2013, including the financial performance report, as contained in document IDB.42/3, and the *Annual Report of UNIDO 2013*, including the programme performance report for 2013 (IDB.42/2);

(b) Also took note of the statements of the Director General and the External Auditor made at the thirtieth session of the Programme and Budget Committee;

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

(d) Recognized the important contribution the External Auditor made to the improvement of UNIDO's management, operations and performance through his recommendations;

(e) Requested the Director General to continue implementing the recommendations of the External Auditor and to report thereon to the Industrial Development Board at its forty-third session.

*5th plenary meeting
26 November 2014*

Decision IDB.42/Dec.3 Financial situation of UNIDO

The Industrial Development Board:

(a) Took note of the information provided in document IDB.42/4;

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

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

*5th plenary meeting
26 November 2014*

Decision IDB.42/Dec.4 Mobilization of financial resources

The Industrial Development Board:

- (a) Took note of the information contained in document IDB.42/5;
- (b) Decided to delegate to the Director General the authority to approve projects for financing under the Industrial Development Fund in 2014 and 2015 in accordance with the priorities defined in the medium-term programme framework 2010-2013 (IDB.35/8/Add.1), adjusted in the midterm review of the medium-term programme framework 2010-2013 (IDB.39/8*), and extended until the expiry of the biennium 2014-2015, following decision GC.15/Dec.17;
- (c) Encouraged Member States and other donors to increase their voluntary contributions to UNIDO;
- (d) Also encouraged 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) Requested 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) Encouraged 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, the United Nations Development Programme, the World Bank as well as other development finance institutions;
- (g) Strongly recommended that Member States 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 were well known, their relevance for international development targets were recognized, and resources were made available.

*5th plenary meeting
26 November 2014*

Decision IDB.42/Dec.5 Activities of the Office for Independent Evaluation

The Industrial Development Board:

- (a) Took note of the report on the activities of the Office for Independent Evaluation (IDB.42/10);
- (b) Reiterated its support to the evaluation function for accountability, learning and contribution to development effectiveness;

(c) Encouraged evaluations on results at outcome and impact levels and the incorporation of information on performance and lessons into management and strategic planning processes.

*5th plenary meeting
26 November 2014*

Decision IDB.42/Dec.6 Personnel matters

The Industrial Development Board:

(a) Took note of the information contained in document IDB.42/17;

(b) Also took note of the developments with regard to the review of the mandatory age of separation for current staff, the comprehensive review by the International Civil Service Commission (ICSC) of the common system compensation package and of the General Assembly's expression of deep concern about the long-term sustainability of the after-service health insurance scheme within the United Nations system;^a

(c) Further took note of the General Assembly's approval of the ICSC's recommendation that the current levels of the children's and secondary dependants' allowances be maintained;^b

(d) Noted the amendments to annex II and schedule I of the staff regulations, to appendices A and E to the staff rules, and to staff rule 103.10, made in compliance with staff regulation 13.4.

*5th plenary meeting
26 November 2014*

Decision IDB.42/Dec.7 Relationship agreements with intergovernmental organizations

The Industrial Development Board:

(a) Took note of the information provided in document IDB.42/18;

(b) Authorized the Director General, in accordance with Article 19.1 (a) of the Constitution and the guidelines for the relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (General Conference decision GC.1/Dec.41, annex, para. 9) and on the basis of the information contained in the annex to document IDB.42/18, to conclude an appropriate relationship agreement with the following intergovernmental organizations:

Secretariat of the Union for the Mediterranean (UfMS);

Arab Bank for Economic Development in Africa (BADEA).

*5th plenary meeting
26 November 2014*

^a General Assembly resolution 68/253 of 27 December 2013.

^b Ibid.

Decision IDB.42/Dec.8 Provisional agenda and date of the forty-third session

The Industrial Development Board:

- (a) Took note of the information provided in document IDB.42/CRP.4;
- (b) Decided to approve the following provisional agenda for its forty-third session:
 - 1. Election of officers.
 - 2. Adoption of the agenda.
 - 3. Annual Report of the Director General for 2014.
 - 4. Report of the Programme and Budget Committee:
 - (a) Report of the External Auditor for 2014;
 - (b) Financial situation of UNIDO, including unutilized balances of appropriations;
 - (c) Scale of assessments for apportionment of the regular budget expenses for the biennium 2016-2017;
 - (d) Working Capital Fund for the biennium 2016-2017;
 - (e) Mobilization of financial resources;
 - (f) Appointment of an External Auditor.
 - 5. Programme and budgets, 2016-2017.
 - 6. Medium-term programme framework, 2016-2019.
 - 7. Implementation of the Lima Declaration: Towards inclusive and sustainable industrial development.
 - 8. Preparations for the sixteenth session of the General Conference.
 - 9. Activities of the Joint Inspection Unit.
 - 10. Personnel matters.
 - 11. Matters related to intergovernmental, non-governmental, governmental and other organizations.
 - 12. Provisional agenda and date of the forty-fourth session.
 - 13. Adoption of the report.
- (c) Decided to hold its forty-third session from 23 to 25 June 2015.

*5th plenary meeting
26 November 2014*

Annex II

Documents submitted to the Board at its forty-second session

<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
IDB.42/1	2	Provisional agenda
IDB.42/1/Add.1	2	Annotated provisional agenda
IDB.42/2	3	<i>Annual Report of UNIDO 2013</i>
IDB.42/3	4 (a)	Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial year 1 January to 31 December 2013
IDB.42/4	4 (b)	Financial situation of UNIDO. Report by the Director General
IDB.42/5	4 (c)	Mobilization of financial resources. Report by the Director General
IDB.42/6	4 (b)	UNIDO's financial contribution to the United Nations Resident Coordinator system. Report by the Director General
IDB.42/6/Add.1	4 (b)	UNIDO's financial contribution to the United Nations Resident Coordinator system. Report by the Director General. Addendum
IDB.42/7	4	Report of the Programme and Budget Committee on the work of its thirtieth session (25-26 June 2014)
IDB.42/8	4 (a)	Efficiency gains achieved through the implementation of the Programme for Change and Organizational Renewal (PCOR). Report by the Director General
IDB.42/9	5	Provisional outline of the medium-term programme framework, 2016-2019. Note by the Secretariat
IDB.42/10	6	Activities of the Office for Independent Evaluation. Note by the Secretariat
IDB.42/11	7	Activities of the Joint Inspection Unit. Report by the Director General
IDB.42/12	8	UNIDO activities related to environment. Report by the Director General
IDB.42/13	8	UNIDO activities related to energy. Report by the Director General
IDB.42/14	9 (a)	UNIDO's assistance to Member States towards achieving enhanced levels of inclusive and sustainable industrial development. Report by the Director General
IDB.42/15	9 (b)	UNIDO and the post-2015 development agenda. Report by the Director General
IDB.42/16	9 (c)	UNIDO activities related to the implementation of the recommendations relating to the management criteria contained in the "Strategic Guidance Document". Report by the Director General
IDB.42/17	11	Personnel matters. Report by the Director General
IDB.42/18	12	Information on intergovernmental organizations. Note by the Director General

<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
Conference room papers		
IDB.42/CRP.1	2	List of documents
IDB.42/CRP.2	4 (b)	Status of assessed contributions. Note by the Secretariat
IDB.42/CRP.3	11	List of staff of the UNIDO Secretariat. Submitted by the Secretariat
IDB.42/CRP.4	13	Provisional agenda and date of the forty-third session. Note by the Director General
IDB.42/CRP.5	9 (a)	UNIDO Forum on partnerships to scale up investment for inclusive and sustainable industrial development, 4 and 5 November 2014. Summary submitted by the Secretariat
IDB.42/CRP.6	3	First UNIDO Donor Meeting, 3 November 2014. Summary submitted by the Secretariat
IDB.42/CRP.7	10	Multilateral Diplomatic Committee. Report by the Chair (H.E. Mr. Aliyar Lebbe Abdul Azeez, Sri Lanka)
IDB.42/CRP.8	9 (c)	Raising operational efficiency: Further economies in travel activities. Note by the Secretariat
IDB.42/CRP.9		List of participants
PBC.30/CRP.2	4 (b)	Financial Regulations of UNIDO. Note by the Secretariat
PBC.30/CRP.4	4 (c)	Projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2013. Prepared by the Secretariat