



Industrial Development Board

Forty-third session

Vienna, 23-25 June 2015

Agenda item 4

Report of the Programme and Budget Committee

Report of the Programme and Budget Committee on the work of its thirty-first session (27-29 May 2015)

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Introduction

1. The Programme and Budget Committee held its thirty-first session at UNIDO Headquarters, Vienna International Centre, from 27 to 29 May 2015. The following 24 of the 27 Members of the Committee participated in the session: Austria, Brazil, China, Costa Rica, Côte d'Ivoire, Cuba, Finland, Germany, India, Iran (Islamic Republic of), Ireland, Italy, Japan, Kenya, Mexico, Nigeria, Pakistan, Poland, Republic of Korea, Russian Federation, Spain, Switzerland, Turkey, Ukraine.
2. The following 60 Members of UNIDO also attended the session: Afghanistan, Albania, Algeria, Angola, Argentina, Armenia, Azerbaijan, Belarus, Bolivia (Plurinational State of), Bosnia and Herzegovina, Bulgaria, Burkina Faso, Chile, Colombia, Cyprus, Czech Republic, Democratic People's Republic of Korea, Dominican Republic, Ecuador, Egypt, El Salvador, Greece, Guatemala, Hungary, Indonesia, Iraq, Israel, Jordan, Kazakhstan, Kuwait, Lebanon, Libya, Luxembourg, Malaysia, Netherlands, Niger, Norway, Oman, Panama, Peru, Philippines, Qatar, Republic of Moldova, Romania, Saudi Arabia, Slovakia, Slovenia, South Africa, Sri Lanka, Sudan, Syrian Arab Republic, Thailand, the former Yugoslav Republic of Macedonia, Tunisia, Turkmenistan, United Arab Emirates, United Republic of Tanzania, Uruguay, Venezuela (Bolivarian Republic of) and Yemen.
3. The following organizations were represented: Asian-African Legal Consultative Organization (AALCO), European Union (EU) and League of Arab States (LAS).
4. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation H.E. Ms. P. Saborío de Rocafort (Costa Rica) as Chairperson; Mr. G. Goetz (Austria), H.E. Mr. A. A. Ayoko (Nigeria), H.E. Mr. A. Bugajski (Poland), as Vice-Chairs; and Mr. ZHANG K. (China) as Rapporteur.
5. The agenda for the thirty-first session as adopted by the Committee is contained in document PBC.31/1. 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 forty-third session or are of relevance to the work of that session:

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2015/5	Scale of assessments, 2016-2017	7
2015/6	Working Capital Fund, 2016-2017	8

I. Organizational and procedural matters

9. On 27 May, the Committee considered a proposal by the Chairperson to optimize the utilization of available conference-servicing resources and adopted the following conclusion:

Conclusion 2015/1 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 thirty-first 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 Mr. G. Goetz (Austria) to chair those consultations.

II. Report of the External Auditor for 2014 (item 4)

11. On 27 May, 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 2014 (PBC.31/3) and the annexes presented in accordance with United Nations System Accounting Standards for the year ended 31 December 2014 contained in conference room paper PBC.31/CRP.5.

12. On 29 May, after consideration of a draft conclusion on the report of the External Auditor for 2014, submitted by the Chairperson (PBC.31/L.2), the Committee adopted the following conclusion:

Conclusion 2015/2

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 report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial period 1 January to 31 December 2014, including the financial performance report, as contained in document IDB.43/3-PBC.31/3, and the *Annual Report of UNIDO 2014*, including the programme performance report for 2014 (IDB.43/2-PBC.31/2);

(b) Also takes note of the statements of the Director General and the External Auditor made at the thirty-first 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) Takes note of the actions taken by the Director General to implement recommendations of prior years;

(f) 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-fourth session.”

III. Financial situation of UNIDO, including unutilized balances of appropriations (item 5); Programme and budgets, 2016-2017 (item 6); Scale of assessments for apportionment of the regular budget expenses for the biennium 2016-2017 (item 7); Working Capital Fund for the biennium 2016-2017 (item 8)

13. The Committee decided to discuss simultaneously items 5, 6, 7 and 8.

A. Financial situation of UNIDO, including unutilized balances of appropriations (item 5)

14. On 27 May, the Committee considered a report by the Director General on the financial situation of UNIDO (PBC.31/4*), proposals by the Director General on enhancements to the financial management framework (PBC.31/5) and a note by the Secretariat on the status of assessed contributions (PBC.31/CRP.3).

15. On 29 May, after consideration of a draft conclusion on the financial situation of UNIDO, submitted by the Chairperson (PBC.31/L.3), the Committee adopted the following conclusion:

Conclusion 2015/3

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.43/4-PBC.31/4;

(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;

* Reissued for technical reasons.

(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 to the Organization and to communicate to Member States on this matter through existing reporting channels.”

B. Programme and budgets, 2016-2017 (item 6)

16. On 27 May, the Committee considered the proposals of the Director General and the background notes on the proposals for the programme and budgets, 2016-2017 (PBC.31/6 and PBC.31/CRP.6), as well as a note by the Secretariat on digital records (PBC.31/CRP.7).

17. On 29 May, after consideration of a draft conclusion on the programme and budgets, 2016-2017, submitted by the Chairperson (PBC.31/L.7), the Committee adopted the following conclusion:

Conclusion 2015/4

The Programme and Budget Committee, having considered the proposals of the Director General contained in documents IDB.43/6-PBC.31/6 and IDB.43/5-PBC.31/5, requested the Director General to present the necessary adjustments to the Board at its forty-third session and recommended to the Industrial Development Board the adoption of the following draft decision:

“The Industrial Development Board:

(a) Takes note of the programme and budgets for the biennium 2016-2017, as contained in documents IDB.43/6-PBC.31/6 and PBC.31/CRP.6;

(b) Recommends to the General Conference the approval of estimates of regular budget gross expenditures of €138,934,833 to be financed from assessed contributions in the amount of €136,416,533* and other income of €2,518,300;

(c) Also recommends to the General Conference the approval of estimates of gross expenditures totalling €34,066,200 for the purpose of the operational budget for the biennium 2016-2017 to be financed from voluntary contributions in the amount of €33,764,700 and other income amounting to €301,500 as may be provided for in the financial regulations;

(d) Recalls decision IDB.39/Dec.7 and acknowledges that upon the announced departure of any Member State, the Organization’s regular budget shall be readjusted so as not to increase the assessed contributions of remaining Member States;

(e) Takes note of the proposal to shift the funding source of the Special Resources for Africa (SRA) from the regular budget to voluntary contributions

* One member reserved its position.

and requests the Director General to further consult with concerned Member States before a final decision is reached on the matter;

(f) Takes note of the proposal contained in document IDB.43/6-PBC.31/6 regarding the field structure adjustment and further requests the Director General, taking into consideration recommendation 12 of the Strategic Guidance Document, to present to the sixteenth session of the General Conference a comprehensive action plan concerning the field policy, including associated capacities at UNIDO headquarters, and field network with adjustments;

(g) Urges the Director General to consult Member States particularly those concerned on the phased implementation of the adjustment of the field office network as is stipulated in paragraph (f) and ensure a smooth and gradual transition, as well as a balanced regional approach;

(h) Encourages the Director General to promote the full integration of UNIDO field staff in the United Nations Country Teams, and to make the fullest possible use of the United Nations Resident Coordinator system and to report thereon;

(i) Takes note of the establishment of two special accounts: (a) Special Account of Voluntary Contributions for Core Activities (SAVCCA) and (b) Major Capital Investment Fund (MCIF) as well as the purposes and limits and special financial rules governing the operation of the special accounts as presented in document IDB.43/5-PBC.31/5 and requests the Director General to describe operational modalities, possible impact on the regular budget and the activities to be funded from these accounts in the adjustments to the programme and budget document;

(j) Recalls that financial regulations 4.2 (b) and (c) stipulate that the unutilized balances of appropriations shall be credited to Member States in proportion to their assessed contributions;

(k) Reiterates the concerns about late payments of assessed contributions which hinders their originally intended use, and invites Member States to redouble their efforts in order to provide a timely response on the treatment of their shares of unutilized balances;

(l) Understands that the Secretariat will establish a medium-term investment plan to be attached to the medium-term programme framework and updated annually;

(m) Invites the Director General to prioritize in the medium-term investment plan the procurement of additional reporting functionalities for the enterprise resource planning (ERP) system, as recommended by the External Auditor in document IDB.43/3-PBC.31/3;

(n) Decides to continue replacing written summary records of the Industrial Development Board and the General Conference with digital records for the period of 2016-2017;

(o) Also decides to suspend rule 69 of the Rules of Procedure of the Industrial Development Board for the forty-fourth and forty-fifth sessions and

recommends to the General Conference the suspension of rule 65 of the Rules of Procedure of the Conference for the seventeenth session of the Conference.”

C. Scale of assessments for apportionment of the regular budget expenses for the biennium 2016-2017 (item 7)

18. On 27 May, the Committee considered a note by the Secretariat on the scale of assessments for the fiscal period 2016-2017 (PBC.31/7).

19. On 29 May, after consideration of a draft conclusion on the scale of assessments, 2016-2017, submitted by the Chairperson (PBC.31/L.4), the Committee adopted the following conclusion:

Conclusion 2015/5

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.43/7-PBC.31/7;

(b) Recommends to the General Conference the establishment of a scale of assessments for the fiscal period 2016-2017 based on the United Nations General Assembly resolution 67/238, 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 2016-2017 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 calendar 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 policymaking organs of UNIDO.”

D. Working Capital Fund for the biennium 2016-2017 (item 8)

20. On 27 May, the Committee considered the proposals of the Director General for the Working Capital Fund for the biennium 2016-2017 (PBC.31/8).

21. On 29 May, after consideration of a draft conclusion on the Working Capital Fund, 2016-2017, submitted by the Chairperson (PBC.31/L.5), the Committee adopted the following conclusion:

Conclusion 2015/6

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 document IDB.43/8-PBC.31/8;

(b) Recommends to the General Conference that the level of the Working Capital Fund for the biennium 2016-2017 should remain at €7,423,030 and that the authorized purposes of the Fund for the biennium 2016-2017 should remain the same as for the biennium 2014-2015, 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.”

IV. Medium-term programme framework, 2016-2019 (item 9)

22. On 28 May, the Committee considered a proposal by the Director General regarding the medium-term programme framework, 2016-2019 (PBC.31/9).

23. On 29 May, at the suggestion of the Chairperson, the Committee took note of the information provided by the Director General on item 9.

V. Annual Report of the Director General for 2014 (item 3)

24. On 28 May, the Committee considered the *Annual Report of UNIDO 2014* (PBC.31/2).

25. On 29 May, at the suggestion of the Chairperson, the Committee took note of the information provided by the Director General on item 3.

VI. Mobilization of financial resources (item 10)

26. On 28 May, the Committee considered information contained in chapter 1 of the *Annual Report of UNIDO 2014* on funding performance (PBC.31/2) and a conference room paper prepared by the Secretariat on projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2014 (PBC.31/CRP.2).

27. On 29 May, at the suggestion of the Chairperson, the Committee took note of the information provided on item 10.

VII. Appointment of an External Auditor (item 11)

28. On 28 May, the Committee considered a report by the Director General on candidates for the appointment of External Auditor (PBC.31/10) and a note by the Secretariat on candidates for the appointment of External Auditor (PBC.31/CRP.4).

29. On 29 May, at the suggestion of the Chairperson, the Committee took note of the information provided on item 11.

VIII. Date of the thirty-second session (item 12)

30. On 28 May, the Committee took note of the entry contained in the annotated agenda (PBC.31/1/Add.1) on the dates reserved for the policymaking organs of UNIDO in 2015 and 2016.

31. On 29 May, after consideration of a draft conclusion on the date of the thirty-second session, submitted by the Chairperson (PBC.31/L.6.), the Committee adopted the following conclusion:

Conclusion 2015/7

The Programme and Budget Committee decided to hold its thirty-second session on 21 and 22 June 2016.

IX. Adoption of the report (item 13) and closure of the thirty-first session

32. On 29 May, the Committee adopted the draft report on the work of its thirty-first session (PBC.31/L.1) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

33. The Committee closed its thirty-first session at 10.55 p.m. on 29 May 2015.

Annex

List of documents submitted to the thirty-first session

<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
PBC.31/1	2	Provisional agenda
PBC.31/1/Add.1	2, 12	Annotated provisional agenda
PBC.31/2 IDB.43/2	3, 10	<i>Annual Report of UNIDO 2014</i>
PBC.31/3 IDB.43/3	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 2014
PBC.31/4* IDB.43/4*	5	Financial situation of UNIDO. Report by the Director General
PBC.31/5 IDB.43/5	5	Enhancements to the financial management framework. Proposals by the Director General
PBC.31/6 IDB.43/6	6	Programme and budgets, 2016-2017. Proposals of the Director General
PBC.31/7 IDB.43/7	7	Scale of assessments for the fiscal period 2016-2017. Note by the Secretariat
PBC.31/8 IDB.43/8	8	Working Capital Fund for the biennium 2016-2017. Proposals of the Director General
PBC.31/9 IDB.43/9	9	Medium-term programme framework, 2016-2019. Proposal by the Director General
PBC.31/10 IDB.43/10	11	Candidates for the appointment of External Auditor. Report by the Director General
PBC.31/11	-	Lists of States included in Annex I to the Constitution of UNIDO. Note by the Secretariat
Conference room papers		
PBC.31/CRP.1	2	List of documents
PBC.31/CRP.2	10	Projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2014. Prepared by the Secretariat
PBC.31/CRP.3	5	Status of assessed contributions. Note by the Secretariat
PBC.31/CRP.4	11	Candidates for the appointment of External Auditor. Note by the Secretariat
PBC.31/CRP.5	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 2014. Annexes presented in accordance with United Nations System Accounting Standards for the year ended 31 December 2014 (unaudited). Prepared by the Secretariat
PBC.31/CRP.6	6	Programme and budgets, 2016-2017. Background notes on the proposals of the Director General
PBC.31/CRP.7	6	Digital records. Note by the Secretariat

* Reissued for technical reasons.