



## General Conference

### Seventeenth session

Vienna, 27 November-1 December 2017

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

(22-24 November 2016)

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## Introduction

1. The report of the Industrial Development Board on the work of its forty-fourth 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-third session (IDB.43/Dec.6 (n) and (o)), written summary records in all six languages of the Board will be replaced with digital recordings. These are available through the UNIDO Extranet.

2. The following decisions of the Board, reproduced in annex I, are related to the work of the General Conference at its seventeenth session:

IDB.44/Dec.6 Payment plan and restoration of voting rights — Armenia

IDB.44/Dec.13 Personnel matters

IDB.44/Dec.14 Support by the Republic of Austria towards the financing of an educational institution

## I. Organizational and procedural matters

3. The forty-fourth session of the Board was held at UNIDO Headquarters, Vienna International Centre, from 22 to 24 November 2016 (five plenary meetings).

### Participation

4. The following 49 of the 53 members of the Board were represented at the session: Algeria, Angola, Argentina, Austria, Belarus, Burkina Faso, China, Côte d'Ivoire, Croatia, Cuba, Cyprus, Ecuador, Egypt, Finland, Germany, Greece, Guatemala, India, Iran (Islamic Republic of), Ireland, Italy, Japan, Jordan, Kenya, Kuwait, Lebanon, Mexico, Namibia, Nigeria, Norway, Pakistan, Panama, Peru, Philippines, Poland, Republic of Korea, Romania, Russian Federation, South Africa, Spain, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand, Tunisia, Turkey, Uruguay and Venezuela (Bolivarian Republic of).

5. The following 50 Member States of UNIDO also participated in the session: Afghanistan, Albania, Armenia, Azerbaijan, Bangladesh, Barbados, Belize, Benin, Bolivia (Plurinational State of), Brazil, Bulgaria, Cambodia, Chile, Colombia, Costa Rica, Czechia, Democratic People's Republic of Korea, Dominican Republic, El Salvador, Gabon, Honduras, Hungary, Indonesia, Iraq, Israel, Kyrgyzstan, Lao People's Democratic Republic, Libya, Luxembourg, Malaysia, Malta, Montenegro, Morocco, Myanmar, Nepal, Netherlands, Paraguay, Qatar, Republic of Moldova, Saudi Arabia, Serbia, Slovakia, Slovenia, Sri Lanka, Tajikistan, the former Yugoslav Republic of Macedonia, Uganda, Ukraine, United Arab Emirates and Yemen.

6. The following United Nations body was represented: United Nations High Commissioner for Refugees (UNHCR).

7. The following other intergovernmental organizations were represented: Asian-African Legal Consultative Organization (AALCO), Cooperation Council for the Arab States of the Gulf (GCC), European Union (EU), Eurasian Economic

Commission (EEC), International Center for Promotion of Enterprises (ICPE), International Centre for Genetic Engineering and Biotechnology (ICGEB), International Centre for Scientific and Technical Information (ICSTI), League of Arab States (LAS), Organization of the Petroleum Exporting Countries (OPEC), and Union for the Mediterranean (UFMS).

8. The following non-governmental organizations were represented: Centre for Global Dialogue and Cooperation (CGDC), Forum Francophone des Affaires (FFA), Global Alliance of SMES (GASME), Institut Supérieur de Gestion (ISG), International Alliance of Women (IAW), International Association for the Exchange of Students for Technical Experience (IAESTE), International Council of Women (ICW), International Federation of Automatic Control (IFAC), International Investment Center (IIC), Organization for International Economic Relations (OIER), Society for International Development (SID), Society of Chemical Industry (SCI), Soroptimist International (SI), and World Federation of Engineering Organizations (WFEO).

### **Opening of the session**

9. The forty-fourth session of the Board was declared open by the Acting President of the forty-third session, H.E. Mr. SONG Y. (Republic of Korea).

### **Officers of the session**

10. In accordance with rule 23 of the rules of procedure, the Board elected by acclamation H.E. Ms. M. Z. Angara Collinson (Philippines) as President, H.E. Mr. G. Jomaa (Tunisia), H.E. Ms. P. M. Franceschi Navarro (Panama) and Ms. K. Wrona (Poland) as Vice-Presidents, and Mr. A. De Las Casas Fuentes (Spain) as Rapporteur.

### **Agenda of the session**

11. The Board adopted the following agenda:

1. Election of officers.
2. Adoption of the agenda.
3. Annual Report of the Director General for 2015.
4. Report of the Programme and Budget Committee:
  - (a) Report of the External Auditor for 2015;
  - (b) Establishment of an Audit Advisory Committee;
  - (c) Financial situation of UNIDO, including unutilized balances of appropriations;
  - (d) Mobilization of financial resources;
  - (e) General risk management strategy.

5. UNIDO and the 2030 Agenda for Sustainable Development, including the implementation of the Lima Declaration.
6. Medium-term programme framework, 2016-2019: Baseline for the integrated results and performance framework.
7. UNIDO field policy and network.
8. Evaluation activities.
9. Activities of the Joint Inspection Unit.
10. Personnel matters.
11. Support by the Republic of Austria towards the financing of an educational institution.
12. Preparations for the selection process for the post of the Director General.
13. Matters related to intergovernmental, non-governmental, governmental and other organizations.
14. Provisional agenda and date of the forty-fifth session.
15. Adoption of the report.

12. The Board adopted a proposal by the President to ensure the maximum utilization of available conference-servicing resources (see annex I, decision IDB.44/Dec.1).

13. 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. Ms. P. M. Franceschi Navarro (Panama) to chair those consultations.

## **II. Annual Report of the Director General for 2015 (item 3)**

14. Under item 3, the Board had before it the Annual Report of UNIDO 2015 (including the programme performance report) (IDB.44/2).

15. The Board considered a draft decision submitted by the President IDB.44/L.2 and adopted decision IDB.44/Dec.2 (see annex I).

## **III. Report of the Programme and Budget Committee (items 4 (a) to (e))**

16. Under item 4, including sub-items (a) to (e), the Board had before it the report of the Programme and Budget Committee on the work of its thirty-second session (IDB.44/8).

### **A. Report of the External Auditor for 2015**

17. 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 2015 (IDB.44/3) and the unaudited

annexes presented in accordance with United Nations System Accounting Standards for the year ended 31 December 2015, contained in conference room paper PBC.31/CRP.2.

18. The Board considered a draft decision submitted by the President (IDB.44/L.13) and adopted decision IDB.44/Dec.3 (see annex I).

## **B. Establishment of an Audit Advisory Committee**

19. Under sub-item 4 (b), the Board had before it a report by the Director General on the establishment of an Audit Advisory Committee (IDB.44/9).

20. The Board considered a draft decision submitted by the President (IDB.44/L.3) and adopted decision IDB.44/Dec.4 (see annex I).

## **C. Financial situation of UNIDO, including unutilized balances of appropriations**

21. Under the sub-item 4(c), the Board had before it a report by the Director General on the financial situation of UNIDO (IDB.44/4), a note by the Director General on the proposed payment plan for Armenia, together with an addendum on the request from Armenia for restoration of voting rights based on a payment plan (IDB.44/10 and Add.1), and a note by the Secretariat on the status of assessed contribution (IDB.44/CRP.2).

22. The Board considered a draft decision on the financial situation of UNIDO, including unutilized balances submitted by the President (IDB.44/L.4) and adopted decision IDB.44/Dec.5 (see annex I). The Board also considered a draft decision submitted by the President on the payment plan and restoration of voting rights for Armenia (IDB.44/L.5) and adopted the decision IDB.44/Dec.6 (see annex I).

## **D. Mobilization of financial resources**

23. Under sub-item 4(d), the Board considered information on the mobilization of financial resources contained in chapter V of the Annual Report of UNIDO 2015 (IDB.44/2), a report by the Director General on the mobilization of financial resources (IDB.44/5), and a conference room paper prepared by the Secretariat on projects approved under the Industrial Development Fund, thematic and individual trust funds and other voluntary contributions in 2015 (PBC.32/CRP.4).

24. The Board considered a draft decision submitted by the President (IDB.44/L.6) and adopted decision IDB.44/Dec.7 (see annex I).

## **E. General risk management strategy**

25. Under sub-item 4(e), the Board had before it a report by the Director General on the general risk management strategy (IDB.44/11).

26. At the proposal of the President, the Board took note of the documentation provided.

#### **IV. UNIDO and the 2030 Agenda for Sustainable Development, including the implementation of the Lima Declaration (item 5)**

27. Under item 5, the Board had before it a report by the Director General on UNIDO and the 2030 Agenda for Sustainable Development, including the implementation of the Lima Declaration (IDB.44/12\*) and a note by the Secretariat on UNIDO technical cooperation programmes, projects and tools contributing to the achievement of the Sustainable Development Goals (IDB.44/CRP.3).

28. The Board considered a draft decision submitted by the President on the fiftieth anniversary of UNIDO (IDB.44/L.15) and adopted decision IDB.44/Dec.8 (see annex I).

29. The Board also considered a draft decision submitted by the President on the UNIDO inputs to the high-level political forum under the auspices of the Economic and Social Council (IDB.44/L.16) and adopted decision IDB.44/Dec.9 (see annex I).

#### **V. Medium-term programme framework, 2016-2019: Baseline for the integrated results and performance framework (item 6)**

30. Under item 6, the Board had before it a report by the Director General on the progress report on the establishment of a baseline for the integrated results and performance framework of the medium-term programme framework (MTPF), 2016-2019 (IDB.44/6). The Board had also before it an addendum containing the action plan by the Secretariat on the integrated results and performance framework (IRPF) of the MTPF, 2016-2019 (IDB.44/6/Add.1), together with a note by the Secretariat on the updated indicators and metadata for the IRPF (IDB.44/CRP.4).

31. The Board considered a draft decision submitted by the President (IDB.44/L.14) and adopted decision IDB.44/Dec.10 (see annex I).

#### **VI. UNIDO field policy and network (item 7)**

32. Under item 7, the Board had before it a report by the Director General on the operationalization of the field policy action plan (IDB.44/7).

33. The Board considered a draft decision submitted by the President (IDB.44/L.7 with an amendment) and adopted decision IDB.44/Dec.11 (see annex I).

#### **VII. Evaluation activities (item 8)**

34. Under item 8, the Board had before it a note by the Secretariat on evaluation activities (IDB.44/13).

35. The Board considered a draft decision submitted by the President (IDB.44/L.8) and adopted decision IDB.44/Dec.12 (see annex I).

### **VIII. Activities of the Joint Inspection Unit (item 9)**

36. Under item 9, the Board had before it a report by the Director General on the activities of the Joint Inspection Unit (IDB.44/14).

37. At the proposal of the President, the Board took note of the documentation provided.

### **IX. Personnel matters (item 10)**

38. Under item 10, the Board had before it a report by the Director General on personnel matters (IDB.44/15), including a conference room paper containing annexes III, IV and V of the report by the Director General (IDB.44/CRP.5), and a note by the Secretariat, providing the list of UNIDO staff (IDB.44/CRP.6).

39. The Board considered a draft decision submitted by the President (IDB.44/L.9) and adopted decision IDB.44/Dec.13 (see annex I).

### **X. Support by the Republic of Austria towards the financing of an educational institution (item 11)**

40. Under item 11, the Board had before it a report by the Director General on the support by the Republic of Austria towards the financing of an educational institution (IDB.44/16).

41. The Board considered a draft decision submitted by the President (IDB.44/L.10) and adopted decision IDB.44/Dec.14 (see annex I).

### **XI. Preparations for the selection process for the post of the Director General (item 12)**

42. Under item 12, the Board had before it a note by the Secretariat on the preparations for the selection process for the post of Director General (IDB.44/17).

43. The Board considered a draft decision submitted by the President (IDB.44/L.11) and adopted decision IDB.44/Dec.15 (see annex I).

### **XII. Matters related to intergovernmental, non-governmental, governmental and other organizations (item 13)**

44. Under item 13, the Board had before it a note by the Director General with information on intergovernmental organizations (IDB.44/19), as well as two applications for consultative status by two non-governmental organizations (IDB.44/18 and Add.1).



45. The Board considered a draft decision submitted by the President with regard to the intergovernmental organization (IDB.44/L.12) and adopted decision IDB.44/Dec.16 (see annex I). Regarding non-governmental organizations, the Board adopted a recommendation by the Bureau (see annex I, decision IDB.44/Dec.17).

### **XIII. Provisional agenda and date of the forty-fifth session (item 14)**

46. Under item 14, the Board had before it a note by the Director General on the provisional agenda and date of the forty-fifth session (IDB.44/CRP.7).

47. The Board considered a draft decision submitted by the President (IDB.44/L.17), as orally amended, and adopted decision IDB.44/Dec.18 (see annex I).

### **XIV. Adoption of the report (item 15) and closure of the forty-fourth session**

48. On 24 November, the Board considered the draft report on the work of its forty-fourth session (IDB.44/L.1) and adopted it as a whole with the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

49. The Board closed its forty-fourth session at 12 p.m. on 24 November 2016.

## Annex I

### Decisions adopted by the Board at its forty-fourth session

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3	Establishment of an effective and functionally and operationally independent Office of Internal Oversight	11
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#### **IDB.44/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-fourth session only, provided no substantive decisions were taken at those meetings.

*1st plenary meeting  
22 November 2016*

#### **IDB.44/Dec.2 Annual Report**

The Industrial Development Board:

(a) Expressed its appreciation for the work done by the Secretariat to prepare the Annual Report of UNIDO for 2015 (IDB.44/2);

(b) Acknowledged the importance of further improving results monitoring and reporting by the Secretariat to guarantee high standards of UNIDO's Annual Report;<sup>1</sup>

(c) Recalled resolutions GC.16/Res.2 and GC.16/Res.1 (d) inviting the Director General to continue reporting on the implementation of the medium-term programme framework and on UNIDO's contribution to the realization of the 2030 Agenda and its Sustainable Development Goals in the Annual Report, and encouraged the continuous efforts of the Secretariat to set indicators and baselines for the integrated results and performance framework in an expeditious manner and invited the Secretariat to set target values for indicators;

(d) Requested the Director General to improve the Annual Reports, including by making them concise and short, enriched with statistical data and achieved results in accordance with the integrated results and performance framework, so as to enhance UNIDO's performance accountability and visibility.

*5th plenary meeting  
24 November 2016*

### **IDB.44/Dec.3 Establishment of an effective and functionally and operationally independent Office of Internal Oversight**

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 2015, as contained in document IDB.44/3, the Annual Report of UNIDO 2015, including the programme performance report for 2015 (IDB.44/2) as well as conclusion 2016/3 of the Programme and Budget Committee;

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

(c) Expressed its gratitude to the External Auditor for the valuable services rendered by him and for his findings and recommendations on governance in UNIDO and the organizational structure for the evaluation function as per Director General's Bulletin 2016/01/Amend.1 on the UNIDO Secretariat Structure 2016;

(d) Recognized the important contribution made by the External Auditor to the improvement of UNIDO's governance structure, management, operations and performance, through his recommendations, including those in his recent report (IDB.44/3, para. 224);

(e) Requested the Director General to ensure independent, timely and effective oversight (evaluation, investigation and audit) in line with standards and norms of the United Nations and reflecting the implementation of respective General Assembly resolutions;

<sup>1</sup> Recalled the rules of procedure of the Programme and Budget Committee and the Industrial Development Board, and that the annual report as well as other sessional documentation should be issued no later than six weeks prior to the first day of the session in the languages of the Committee and the Board.

(f) Also requested the Director General to ensure the utilization of approved staffing and budgetary resources for an effective and functionally and operationally independent Office of Internal Oversight as part of the Office of the Director General taking the following into account:

- (i) In line with the relevant General Assembly resolutions, the Director of the Office of Internal Oversight will be delegated authority for all personnel and operational decisions (staff and consultants) in the Office of Internal Oversight;
- (ii) The Director of the Office of Internal Oversight will circulate its reports<sup>2</sup> simultaneously to the Director General and to Member States, with management responses being provided subsequently, and the reports should be submitted to the Board for its consideration.

*5th plenary meeting  
24 November 2016*

#### **IDB.44/Dec.4 Establishment of an Independent Audit Advisory Committee**

The Industrial Development Board:

(a) Took note of the report by the Director General on the establishment of an Audit Advisory Committee (document IDB.44/9);

(b) Established an Independent Audit Advisory Committee (Audit Committee) as advisory committee pursuant to rule 63 of the rules of procedure of the Industrial Development Board to advise the Board and the Director General on issues within the Audit Committee's mandate;

(c) Endorsed the terms of reference of the Audit Committee, as contained in the annex to the present decision;

(d) Invited the Director General to consult with Member States on the procedure for selection of members to the Audit Committee, so as to prepare for the submission of candidates to the forty-fifth session of the Board;

(e) Requested that the report of the Audit Committee be included on the agenda of future sessions of the Board.

*5th plenary meeting  
24 November 2016*

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<sup>2</sup> Those reports will not include investigation reports.

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## Annex

### United Nations Industrial Development Organization Independent Audit Advisory Committee

#### Terms of reference

#### A. Purpose and mandate of the Audit Committee

1. The Independent Audit Advisory Committee (the “Audit Committee”) is an advisory committee established pursuant to Rule 63 of the Rules of Procedure of the Industrial Development Board (Board) to advise the Board and the Director General on issues within the Audit Committee’s mandate.

2. The mandate of the Audit Committee shall be:

(a) To review and advise on the adequacy of accounting policies, financial and internal audit reports;

(b) To review and advise on the internal controls and risk management systems, including the effectiveness of policies and procedures on internal controls and risk management;

(c) To review and advise on the independence, effectiveness and objectivity of the internal audit function, including adherence to the Internal Oversight Charter, procedures, guidelines, applicable international internal auditing standards and the annual work plan;

(d) With regard to external audits, to review and advise on:

(i) The necessary provisions to ensure an independent and effective external audit;

(ii) External audit reports and relevant management letters;

(iii) Status of implementation of audit recommendations;

(iv) Other matters raised by the external auditors;

(e) To review and advise on actions taken by management on recommendations made by the internal auditors and the Joint Inspection Unit;

(f) To report to the Board on its activities within its mandate and on any items referred to it by the Board.

#### B. Composition, qualifications and selection of members

3. The Audit Committee shall be comprised of at least three and no more than five members. They shall serve in an independent, non-executive and personal capacity, and their responsibilities cannot be delegated.

4. To qualify as members, they shall possess relevant professional qualifications and senior level experience at international, United Nations and/or public or private sector organizations in the areas covered by these terms of reference, including finance, accounting, auditing, or risk-management. They shall be free of any relationship that would interfere (or give the appearance of interfering) with their exercise of independent judgment. They shall be external to and independent of the

Organization, and reflect the highest level of integrity and professionalism. In performing their duties, they shall not seek or receive instructions from any government or other authority external to or within UNIDO.

5. Former UNIDO staff, employees and consultants are disqualified from serving on the Audit Committee unless their employment or contractual relationship with UNIDO terminated at least five years prior to their nomination to the Audit Committee. A five-year period shall apply to any person employed or contracted by a former or current supplier of goods or services to UNIDO. Government officials serving in Vienna-based delegations shall not be eligible to serve on the Audit Committee.

6. The Director General will provide an open call for nominations to the Audit Committee, including but not limited to, Member States. Following consultations with Member States, the Enlarged Bureau shall submit to the Board a non-exhaustive list of possible candidates for membership in the Audit Committee. Members of the Audit Committee shall be appointed by the Board. No two members shall be nationals of the same State. In the selection process, due regard shall be given to the principle of equitable geographical representation and gender balance.

#### **C. Term of office**

7. Members shall serve for renewable terms of three years each with a maximum of six years. Rotation of membership shall be staggered to allow for continuity. A Chairperson of the Audit Committee shall be selected by its members to serve in this capacity for two years on a rotational basis.

8. In the event of resignation, incapacity, death or any other circumstance whereby the term of office of an Audit Committee member is cut short, the Enlarged Bureau of the Board shall appoint a replacement for the remainder of his or her term of office.

9. Members will not be held personally liable for decisions taken by the Audit Committee acting as a whole.

10. Members shall not be eligible for any employment or contractual relationship with UNIDO during their term of office and for at least five years immediately following the last day of their term of office.

#### **D. Remuneration**

11. Members serve on a voluntary basis and will not be remunerated. UNIDO will reimburse subsistence costs and other direct expenses associated with attending meetings of the Audit Committee at a rate consistent with UNIDO rules and regulations.

#### **E. Budget**

12. The biennial programme and budgets shall include a specific allocation for the Audit Committee to budget for the costs associated with the activities foreseen in these terms of reference, namely, the regular meetings (whether in Vienna or by videoconference), attendance by the Chairperson at the Board and other meetings as required, as well as secretarial and substantive support.

**F. Meetings and administrative arrangements**

13. The Director of the Office of Internal Oversight will designate a Secretariat to the Audit Committee from among their staff.

14. The Audit Committee will meet at least two times a year in regular session. All meetings shall be convened by the Chairperson and be held either at UNIDO Headquarters or by videoconference. The Chairperson, any Audit Committee member, the External Auditor, the Director General, and the Director of the Office of Internal Oversight may propose additional meetings, which may be conducted by videoconference.

15. Provisional agendas are prepared by the Chairperson in consultation with members of the Committee and the Secretariat. The approved provisional agenda will be circulated together with invitations to the members at least 21 days prior to the date of the meeting. Supporting documents and briefing materials will be circulated at least seven days prior to the meeting.

16. The Audit Committee may invite the Director of the Office of Internal Oversight, management, auditors or other UNIDO staff to attend its meetings to serve as resource persons and/or to assist in its deliberations.

17. The deliberations and minutes of Audit Committee meetings will be kept confidential unless otherwise decided by the Committee. Documents and information material circulated for the consideration of the Committee shall be used solely for that purpose and treated as confidential.

18. As soon as possible after the close of a meeting, the Chairperson shall circulate draft minutes of the meeting to the members of the Audit Committee who were present and solicit their approval. Once the minutes are approved, the Chairperson will issue the minutes to the Director General, and, if so decided by the Audit Committee, to representatives of Member States.

19. The members of the Audit Committee shall sign a statement of confidentiality and disclosure of interest. If any matter before the Committee presents an actual or perceived conflict of interest for a member, it shall be timely disclosed to the Committee. The Chairperson and other members of the Committee will then determine whether the actual or perceived conflict of interest is such that the member should be excused from the discussion and abstain from voting on the matter. All such declared conflicts of interest will be recorded in a register of interests maintained by the Secretariat of the Committee. The Audit Committee may establish more detailed conflict of interest policies in consultation with the Director General and representatives of Member States.

20. The Audit Committee is expected to maintain free and open communication with the External Auditor, the Director of the Office of Internal Oversight and management. It is empowered to:

(a) Obtain all relevant records and documents necessary to perform its responsibilities, including the Office of Internal Oversight and external audit reports;

(b) Meet in executive session with the Director General and other appropriate managers to discuss any issues that the Committee believes should be discussed privately;

(c) When required, meet separately with the Director of the Office of Internal Oversight to discuss any matters that the Committee or the Office of Internal Oversight believes should be discussed privately;

(d) When required, meet separately with the representatives of the External Auditor to discuss any matters that the Committee or the External Auditor believes should be discussed privately;

(e) When required, meet separately with Members of the Board or its Enlarged Bureau to discuss any matters that the Committee or those representatives believe should be discussed privately.

21. The Committee shall establish a document retention policy.

#### **G. Rules of Procedure**

22. Three Audit Committee members, including the Chairperson, shall constitute a quorum. The Committee shall work on a consensus basis and by simple majority in the absence of consensus.

23. Except as otherwise provided in these terms of reference, the Audit Committee may adopt its own rules of procedure, which shall be communicated to the Board. If considered appropriate, the Committee may, in addition, be guided by the Rules of Procedure of the Board concerning conduct of business and decision-making.

#### **H. Reporting**

24. The Audit Committee shall submit an annual report to the Board containing the Committee's advice and self-assessment of its effectiveness and compliance with these terms of reference. The report will be submitted to the Director General no later than end of March of the year following the reporting period. The report will be presented to the Board with any comments from the Director General and/or the Management Response. The Chairperson of the Committee will be invited to attend the session of the Board considering the report.

#### **I. Amendment**

25. Any proposed amendment to these terms of reference shall be submitted to the Board for approval before becoming effective.

#### **IDB.44/Dec.5 Financial situation of UNIDO**

The Industrial Development Board:

(a) Took note of the information provided in document IDB.44/4;

(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;



(d) Also requested 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 that matter through existing reporting channels.

*5th plenary meeting  
24 November 2016*

#### **IDB.44/Dec.6 Payment plan and restoration of voting rights — Armenia**

The Industrial Development Board:

(a) Took note of the information provided in documents IDB.44/10 and Add.1;

(b) Welcomed the commitment of Armenia to settle its arrears and decided to approve the payment plan as reported in document IDB.44/10;

(c) Took note of the payment of the first instalment in line with the conditions of the payment plan and encouraged Armenia to continue paying regularly its instalments;

(d) At the request of Armenia, decided to restore its voting rights at the Industrial Development Board in accordance with Article 5.2 of the UNIDO Constitution;

(e) Recommended to the General Conference to consider positively the restoration of voting rights of Armenia in accordance with Article 5.2 of the Constitution.

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#### **IDB.44/Dec.7 Mobilization of financial resources**

The Industrial Development Board:

(a) Took note of the information contained in document IDB.44/5;

(b) Decided to delegate to the Director General the authority to approve projects for financing under the Industrial Development Fund in 2016 and 2017 in accordance with the priorities defined in the medium-term programme framework 2016-2019 (IDB.43/9 and Add.1);

(c) Encouraged Member States and other donors to increase their voluntary contributions to UNIDO including for the recently created Partnership Trust Fund as well as the Special Account of Voluntary Contributions for Core Activities (SAVCCA) and the Major Capital Investment Fund (MCIF);

(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, United Nations Development Programme, 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 are well known, their relevance for international development targets are recognized, and resources are made available.

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#### **IDB.44/Dec.8 Fiftieth anniversary of UNIDO**

The Industrial Development Board:

(a) Commemorated UNIDO's fiftieth anniversary and expressed its great appreciation to the Director General, the Secretariat, the Member States and all stakeholders for their ongoing commitment;

(b) Reaffirmed UNIDO's crucial role in achieving the transformative 2030 Agenda in an integrated way by helping countries to realize inclusive and sustainable industrial development (SDG 9) through partnerships (SDG 17), thus generating economic growth and jobs (SDG 8) which reduce poverty, hunger and inequalities (SDGs 1, 2 and 10), and realize social inclusiveness through women and youth empowerment and employment (SDGs 4 and 5), while safeguarding the environment by promoting resource and energy efficiency and renewable energy (SDGs 6, 7 and 12) as well as reducing greenhouse gas emissions and pollution (SDGs 11, 13, 14 and 15);

(c) Encouraged Member States and other donors to increase their voluntary contributions to UNIDO, including for the Partnership Trust Fund, the Special Account of Voluntary Contributions for Core Activities (SAVCCA) and the Major Capital Investment Fund (MCIF);

(d) Underscored that UNIDO's activities benefit people and countries in all regions and at all stages of development and therefore encouraged Member States to continue their commitment to UNIDO and invited non-Member States to join UNIDO as a means to support the realization of the 2030 Agenda.

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#### **IDB.44/Dec.9 UNIDO inputs to the high-level political forum under the auspices of the Economic and Social Council**

The Industrial Development Board:

(a) Reiterated the commitment of UNIDO and its Member States to the realization of the 2030 Agenda "Transforming our world: the 2030 Agenda for

Sustainable Development” as adopted in United Nations General Assembly resolution 70/1 on 25 September 2015;

(b) Recalled resolution 70/1, which calls for progress reviews on the implementation of the Sustainable Development Goals (SDGs), including thematic reviews to take place at the high-level political forum (HLPF), under the auspices of the Economic and Social Council (ECOSOC), which will be supported by reviews by the ECOSOC functional commissions and other intergovernmental bodies and forums, and further recalled General Assembly resolution 70/299 of 29 July 2016 on the follow-up and review of the 2030 Agenda at the global level;

(c) Acknowledged the important role of UNIDO in the achievement of the SDGs;

(d) Recalled General Conference resolution GC.16/Res.2 on UNIDO and the 2030 Agenda for Sustainable Development and endorsed conclusion 2016/6 adopted at the thirty-second session of the Programme and Budget Committee;

(e) With a view to ensuring active and effective participation of UNIDO Member States in the follow-up and review process of the SDGs, for the achievement of the 2030 Agenda:

(i) Requested the Director General to prepare, in close consultation with Member States through the enhanced dialogue, the annual substantive input by the Industrial Development Board, following the template and deadline provided by the President of ECOSOC, and including information on the alignment of UNIDO’s programmes and projects with the 2030 Agenda, for which purpose the Secretariat would circulate a first draft not later than ten weeks prior to the date at which the Board’s substantive input has to be submitted to the HLPF;

(ii) Authorized the President of the Board to submit, after agreement by the Enlarged Bureau, the substantive input to the HLPF;

(iii) Encouraged the Director General to use future editions of the ISID Forums for the purpose of, among others, supporting the global thematic review.

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#### **IDB.44/Dec.10 Medium-term programme framework**

The Industrial Development Board:

(a) Acknowledged that there may be a need to review the set of performance indicators contained in the current medium-term programme framework (IDB.43/9), following the development of the Sustainable Development Goals (SDG) indicator framework and due to issues of data and resource availability, as outlined in the action plan by the Secretariat on the integrated results and performance framework of the medium-term programme framework, 2016-2019 (IDB.44/6/Add.1);

(b) Noted the ongoing quadrennial comprehensive policy review of operational activities for development of the United Nations system, and recalled General Conference decision GC.14/Dec.18 concerning the alignment of the

medium-term programme framework with the quadrennial comprehensive policy review of operational activities for development of the United Nations system;

(c) Requested the Director General:

(i) To submit to the Board at its forty-fifth session, through the Programme and Budget Committee, an updated medium-term programme framework for the period 2018-2021, including an integrated results and performance framework with baseline and target values;

(ii) To take into account the recommendations of the quadrennial comprehensive policy review of operational activities for development when updating the medium-term programme framework;

(iii) To update the corporate scorecard on a quarterly basis and to make it available to Member States and other stakeholders via the online transparency platform;

(iv) To consider regularly reviewing and submitting an updated medium-term programme framework at the end of each biennium, thus ensuring that it remains a useful and flexible tool for the strategic planning of the Organization's programmes with a four-year horizon, complementing the biennial programme and budgets.

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#### **IDB.44/Dec.11 UNIDO field policy and network**

The Industrial Development Board:

(a) Took note of the report on the operationalization of the field policy action plan (IDB.44/7);

(b) Acknowledged the adjustments made to the field structure as contained in document IDB.44/7;

(c) Took note of the objective criteria established for the selection of regional and country offices (GC.16/6), and requested the Director General to ensure that the same criteria continue to be applied;

(d) Requested the Director General to ensure a smooth implementation of the field policy action plan in close consultation with all Member States, particularly those that are affected directly, and also to ensure that field offices effectively support the delivery of technical cooperation programmes;

(e) Also requested the Director General to continue exploring possibilities for partnering, coordinating and cost-sharing with other United Nations entities at the field level, and to promote the integration of the heads of UNIDO country offices in the United Nations country teams;

(f) Further requested the Director General to clarify the role of field offices in technical cooperation and funds mobilization, in particular the support that regional and country offices can and should provide for the preparation, administration and monitoring of technical cooperation projects and programmes;

(g) Emphasized the need to update both international and national staff in the field network on UNIDO's strategies, relevant procedures and operations;

(h) Also emphasized the need to monitor the workload and performance of individual field offices, including associated capacities at UNIDO headquarters, and to ensure optimal allocation of human and other resources, transparency and reporting of the activities to be reflected in the UNIDO Annual Report;

(i) Further emphasized the assurance of the Director General that the restructuring of the field policy and network will not negatively affect the level of technical cooperation activities;

(j) Requested the Director General to report on the implementation of the field policy action plan to the Board at its forty-fifth session and to regularly review the field network to ensure that it continues to support UNIDO projects in concerned countries.

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#### **IDB.44/Dec.12 Evaluation activities**

The Industrial Development Board:

(a) Took note of the report on the evaluation activities (IDB.44/13);

(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.

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#### **IDB.44/Dec.13 Personnel matters**

The Industrial Development Board:

(a) Took note of the information contained in document IDB.44/15 and conference room paper IDB.44/CRP.5;

(b) Welcomed General Assembly resolution 70/244 dated 23 December 2015 on "United Nations Common System: report of the International Civil Service Commission", by which the General Assembly approved the revised compensation package for staff members in the Professional and higher categories;

(c) Noted amended appendix A to the 100 series of the staff rules (salary scales for staff in the General Service category, effective as of 1 November 2015), contained in annex II to document IDB.44/15;

(d) Also noted amended schedule I (salary scale for the Professional and higher categories, effective as of 1 January 2016) and amended schedule V

(repatriation grant) to the staff regulations,<sup>3</sup> contained in annexes I and III to the report by the Director General (documents IDB.44/15 and IDB.44/CRP.5), by which the Director General brought the schedules into conformity with General Assembly resolution 70/244;

(e) Further noted the amendments to the 100 and 200 series of the staff rules, made on 1 July 2016 and contained in annexes IV and V issued in conference room paper IDB.44/CRP.5, by which the Director General implemented General Assembly resolution 70/244 with respect to the hardship allowance, the non-family service allowance and the mobility incentive (staff rules 106.13, 106.14, 206.14 and 206.15 and appendix N); the settling-in grant (staff rules 109.09 and 206.13); relocation and partial relocation entitlements (staff rules 109.11, 109.12, 109.14, 209.11, 209.12 and appendix H); and the repatriation grant (appendix I);

(f) Approved provisionally, in accordance with staff regulation 13.2, the amendments to the following staff regulations set out in annex III (contained in IDB.44/CRP.5):

(i) Staff regulation 9.2 relating to travel and relocation expenses;

(ii) Staff regulations 6.1, 6.2, 6.9, 6.10, 6.11, 7.3 and 13.3 and the schedules and annexes to the staff regulations, relating to the periodicity of salary increments, the dependent spouse allowance, the single-parent allowance, dependency allowances for dependent children, the introduction of unified salary scales, staff assessment and home leave, which shall come into effect provisionally as of 1 January 2017;

(iii) Staff regulation 6.12 relating to the education grant, which shall come into effect provisionally as for the school year in progress in January 2018;

(iv) Staff regulation 12.2 relating to appeals by staff alleging non-observance of the Regulations and Rules of the United Nations Joint Staff Pension Fund;

(g) Authorized the Director General to modify the effective dates of the provisional amendments referred to in subparagraph (f) above in order to harmonize arrangements for the introduction of the revised compensation package among members of the common system;

(h) Recommended, in accordance with staff regulation 13.2, that the General Conference finally approve the provisional amendments referred to in subparagraph (f) above;

(i) Also recommended, pursuant to staff regulation 13.1, that the General Conference approve the amendments to staff regulation 10.2 relating to the mandatory age of separation, set out in annex III (contained in IDB.44/CRP.5), and that amended staff regulation 10.2 come into effect as of 1 January 2018;

(j) Requested the Director General to promulgate the required additional amendments to the staff rules relating to staff assessment, post adjustment, the dependent spouse allowance, the single-parent allowance, home leave and the

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<sup>3</sup> Schedule V was renumbered as schedule IV in annex III to document IDB.44/15.

education grant, and to report such amendments to the Board in conformity with staff regulation 13.4.

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**IDB.44/Dec.14 Support by the Republic of Austria towards the financing of an educational institution**

The Industrial Development Board:

(a) Took note of the report by the Director General on support by the Republic of Austria towards the financing of an educational institution (document IDB.44/16);

(b) Expressed its appreciation to the Host Government for its contribution towards the financing of an educational institution catering for the needs of children of officials and of members of the diplomatic and consular corps;

(c) Decided that the Agreement between the Republic of Austria, the United Nations, the International Atomic Energy Agency, the United Nations Industrial Development Organization and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization, as annexed to document IDB.44/16, be submitted to the General Conference at its seventeenth session;

(d) Recommended to the General Conference that it: (i) approve the foregoing agreement; (ii) authorize the Director General to bring the agreement into force for the Organization in accordance with its terms; and (iii) request the Director General to bring significant developments concerning the agreement to the attention of the Industrial Development Board.

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**IDB.44/Dec.15 Preparations for the selection process for the post of Director General**

The Industrial Development Board:

(a) Took note of the information contained in document IDB.44/17;

(b) Decided that a forum of candidates nominated for the post of Director General would be held in those years in which a Director General was to be appointed, except that no candidates' forum would be held if the only candidate was a Director General who was nominated for reappointment in terms of Article 11.2 of the Constitution;

(c) Also decided that future candidates' forums will be conducted in accordance with the modalities reproduced in the annex to document IDB.44/17;

(d) Further decided to convene a candidates' forum on 15 May 2017, if required pursuant to paragraph (b) above.

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**IDB.44/Dec.16 Relationship agreement with an intergovernmental organization**

The Industrial Development Board:

(a) Took note of the information contained in document IDB.44/19;

(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.44/19, to conclude an appropriate relationship agreement with the following intergovernmental organization:

Eurasian Development Bank (EDB).

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**IDB.44/Dec.17 Non-governmental organizations**

The Industrial Development Board:

(a) Took note of the information contained in documents IDB.44/18 and Add.1;

(b) Decided to grant consultative status with UNIDO to the following non-governmental organizations:

China Chamber of International Commerce (CCOIC), and

World Free Zones Organization (World FZO);

(c) Requested the Secretariat to draft, in consultation with Member States, appropriate procedures for reviewing applications for consultative status, for approval of the Board in accordance with Article 19.1 (b) of the Constitution and paragraph 17 of the guidelines for the relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (General Conference decision GC.1/Dec.41).

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**IDB.44/Dec.18 Provisional agenda and date of the forty-fifth session**

The Industrial Development Board:

(a) Took note of the information contained in document IDB.44/CRP.7;

(b) Decided to approve the following provisional agenda for its forty-fifth session:

1. Election of officers.
2. Adoption of the agenda.
3. Annual report of the Director General for 2016.
4. Report of the Programme and Budget Committee:



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- (a) Report of the External Auditor for 2016;
  - (b) Financial situation of UNIDO;
  - (c) Scale of assessments for apportionment of the regular budget expenses for the biennium 2018-2019;
  - (d) Working Capital Fund for the biennium 2018-2019;
  - (e) Mobilization of financial resources;
  - (f) General risk management strategy;
  - (g) Appointment of the External Auditor.
5. Programme and budgets, 2018-2019.
  6. Medium-term programme framework and medium-term investment plan.
  7. UNIDO and the 2030 Agenda for Sustainable Development, including the Industrial Development Board's substantive input to the High-level Political Forum 2017.
  8. Implementation of the field policy action plan.
  9. Activities of the Joint Inspection Unit.
  10. UNIDO Independent Audit Advisory Committee.
  11. Internal oversight activities.
  12. Personnel matters.
  13. Matters related to intergovernmental, non-governmental, governmental and other organizations.
  14. Recommendation of a candidate for the post of Director General.
  15. Preparations for the seventeenth session of the General Conference.
  16. Provisional agenda and date of the forty-sixth session.
  17. Adoption of the report.
- (c) Decided to hold its forty-fifth session from 27 to 29 or 30 June 2017.

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24 November 2016*

## Annex II

### Documents submitted to the Board at its forty-fourth session

<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
IDB.44/1	2	Provisional agenda
IDB.44/1/Add.1	2	Annotated provisional agenda
IDB.44/2	3, 4 (d)	<i>Annual Report of UNIDO 2015</i> (including programme performance report)
IDB.44/3	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 2015
IDB.44/4	4 (c)	Financial situation of UNIDO. Report by the Director General
IDB.44/5	4 (d)	Mobilization of financial resources. Report by the Director General
IDB.44/6	6	Progress report on the establishment of a baseline for the integrated results and performance framework of the medium-term programme framework, 2016-2019. Report by the Director General
IDB.44/6/Add.1	6	Integrated results and performance framework of the medium-term programme framework, 2016-2019. Action plan by the Secretariat
IDB.44/7	7	Operationalization of the field policy action plan. Report by the Director General
IDB.44/8	4	Report of the Programme and Budget Committee on the work of its thirty-second session (21-22 June 2016)
IDB.44/9	4 (b)	Establishment of an Audit Advisory Committee. Report by the Director General
IDB.44/10	4 (c)	Proposed payment plan for Armenia. Note by the Director General
IDB.44/10/Add.1	4 (c)	Request from Armenia for restoration of voting rights based on a payment plan. Note by the Director General
IDB.44/11	4 (e)	General risk management strategy. Report by the Director General
IDB.44/12*	5	UNIDO and the 2030 Agenda for Sustainable Development, including the implementation of the Lima Declaration. Report by the Director General
IDB.44/13	8	Evaluation activities. Note by the Secretariat
IDB.44/14	9	Activities of the Joint Inspection Unit. Report by the Director General
IDB.44/15	10	Personnel matters. Report by the Director General
IDB.44/16	11	Support by the Republic of Austria towards the financing of an educational institution. Report by the Director General
IDB.44/17	12	Preparations for the selection process for the post of Director General. Note by the Secretariat

<i>Symbol</i>	<i>Agenda item</i>	<i>Title</i>
IDB.44/18	13	Application from a non-governmental organization for consultative status. Note by the Director General
IDB.44/18/Add.1	13	Application from a non-governmental organization for consultative status. Note by the Director General
IDB.44/19	13	Information on an intergovernmental organization
<b>Conference room papers</b>		
IDB.44/CRP.1	2	List of documents
IDB.44/CRP.2	4 (c)	Status of assessed contributions. Note by the Secretariat
IDB.44/CRP.3	5	UNIDO technical cooperation programmes, projects and tools contributing to the achievement of the Sustainable Development Goals. Note by the Secretariat
IDB.44/CRP.4	6	Updated indicators and metadata for the integrated results and performance framework. Note by the Secretariat
IDB.44/CRP.5	10	Personnel matters. Annexes III, IV and V to the report by the Director General
IDB.44/CRP.6	10	List of UNIDO staff. Note by the Secretariat
IDB.44/CRP.7	14	Provisional agenda and date of the forty-fifth session. Note by the Director General
PBC.32/CRP.2	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 2015. Annexes presented in accordance with United Nations System Accounting Standards for the year ended 31 December 2015 (unaudited). Prepared by the Secretariat
PBC.32/CRP.4	4 (d)	Projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2015. Prepared by the Secretariat