
Programme and Budget Committee**Thirty-seventh session**

Vienna, 26–28 May 2021

Item 2 of the provisional agenda

Adoption of the agenda**Annotated provisional agenda****Opening of the session**

The thirty-seventh session of the Programme and Budget Committee will be opened by H.E. Mr. Jose Antonio Marcondes Carvalho (Brazil), in his capacity as Chairperson of the thirty-sixth session.

Item 1. Election of officers

In accordance with rule 17.1, each year, at the commencement of its regular session, the Committee shall elect from among the representatives of its members a Chairperson and three Vice-Chairpersons, and from among the delegations of its members a Rapporteur. Rule 17.3 stipulates that the offices of the Chairperson, the three Vice-Chairpersons and the Rapporteur shall be subject to equitable geographical rotation within a five-year cycle in accordance with appendix A to the rules of procedure. According to that appendix, the Chairperson of the thirty-seventh session should be elected from members of the Committee from African States in List A, and the three Vice-Chairpersons from Asian States in List A, States in List B, and States in List C. The Rapporteur should be elected from members of the Committee from among States in List D.

Item 2. Adoption of the agenda

A provisional agenda for the thirty-seventh session, prepared by the Director General in consultation with the Chairperson of the Committee, in accordance with rules 8 and 9 of the rules of procedure, is submitted to the Committee for adoption in document PBC.37/1 as stipulated in rule 12.

The Committee will have before it:

- Provisional agenda (PBC.37/1)
- Annotated provisional agenda (PBC.37/1/Add.1)
- List of documents (PBC.37/CRP.1)

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.



Item 3. Annual Report of the Director General for 2020

In accordance with Article 11.6 of the Constitution, the Director General is to prepare an annual report on the activities of the Organization. In its resolution GC.4/Res.2, the General Conference requested the Director General to fully incorporate in future annual reports the programme performance report according to Board decision IDB.7/Dec.11. At the request of the Board, in decision IDB.23/Dec.12, annual reports include information on operational activities for development arising from relevant United Nations General Assembly resolutions, including the quadrennial comprehensive policy review in accordance with United Nations General Assembly resolution 71/243 of 21 December 2016.

In compliance with Conference resolution GC.17/Res.1 paragraph (p) and Board decision IDB.44/Dec.2, paragraph (c), the annual report also informs Member States of the implementation of the medium-term programme framework and of UNIDO's contribution to the realization of the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs). Pursuant to Board decision IDB.44/Dec.2, paragraph (d), the *Annual Report of UNIDO 2020* will provide information in a concise and short manner, enriched with statistical data and achieved results in accordance with the integrated results and performance framework, to enhance UNIDO's performance accountability and visibility.

In line with decision IDB.46/Dec.13, paragraph (i), Member States will be updated on the progress made in the implementation of the Third Industrial Development Decade for Africa (IDDA III).

Article 9.4 (d) of the Constitution stipulates that the Board shall request members to furnish information on their activities related to the work of the Organization. In decision IDB.1/Dec.29, Member States were requested to inform the Board on their activities related to the work of the Organization when reviewing the annual report. In line with decision IDB.39/Dec.7(f) and following established practice, the annual report will be presented through the Programme and Budget Committee to the Board.

Member States may therefore wish to include information on their activities as they relate to the work of UNIDO in the statements delivered by their representatives to the Committee under this item.

The Committee will have before it:

- *Annual Report of UNIDO 2020* (PBC.37/2-IDB.49/2)

Item 4. Report of the External Auditor for 2020

Financial regulations 11.9 and 11.10 stipulate that the reports of the External Auditor, together with the audited financial statements, shall be completed not later than 20 April and shall be transmitted through the Committee to the Board in accordance with directions given by the Conference. The Committee shall examine the financial statements and the audit reports and submit recommendations to the Board, which shall forward them to the Conference with such comments as it deems appropriate.

In its conclusion 1987/19, paragraph (j), the Committee requested the Director General to submit each year to the Board through the Committee a clear and detailed financial performance report itemizing the utilization of financial resources. Starting in 2011, the financial performance report, i.e. the financial statements compliant with the International Public Sector Accounting Standards (IPSAS), has been included in the External Auditor's report.

The report of the External Auditor will also include information on the implementation of recommendations included in the report of the External Auditor for 2019 (IDB.47/3). The Independent Oversight Advisory Committee, in line with its terms of reference (Board decision IDB.48/Dec.5, Annex, paragraph 2 (f)), will provide its comments on the report of the External Auditor to this session.

The Committee will have before it:

- Report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2020 (PBC.37/3-IDB.49/3)
- Annexes to the report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2020 (unaudited) (PBC.37/CRP.2)
- Comments on the Report of the External Auditor. Note by the UNIDO Independent Oversight Advisory Committee (PBC.37/CRP.3)

Item 5. Financial situation of UNIDO, including unutilized balances of appropriations

The report by the Director General to the Industrial Development Board at its forty-eighth session (IDB.48/4) covered a wide range of issues within the context of the financial situation. That information will be updated in a document submitted to the present session.

At its forty-eighth session, the Board requested the Director General through decision IDB.48/Dec.2(c) to pursue his efforts and contacts with Member States and former Member States to effect the collection of arrears, and to report on the results of his efforts.

Through decision GC.18/Dec.13, the Conference adopted a number of measures on activating the use of the Working Capital Fund to significantly reduce the problem of unutilized balances of appropriations. Through decision GC.18/Dec.13(f), the Conference requested the Director General to report annually to the Industrial Development Board through the Programme and Budget Committee on the effect of the aforementioned measures on the financial situation of the Organization.

The Director General apprised the forty-eighth session of the Board of the unutilized balances of appropriations (IDB.48/CRP.3), encouraging Member States to decide by 26 February 2021 to voluntarily contribute their balance to one of the special accounts (document IDB.43/5 and Board decision IDB.43/Dec.6(i) refer), to finance the gap in the regular budget for the biennium 2020–2021; to the Industrial Development Fund (IDF); to a trust fund; or for any other purpose, including the application of the amount to their 2021 assessment. Information on the allocation of the unutilized balances of appropriations will therefore be included in the report by the Director General on the financial situation of UNIDO, submitted to the present session.

In its decision IDB.47/Dec.13, the Board approved that regular budget gross expenditures for 2020–2021 would be financed from assessed contributions, other income, efficiency gains and a balance of €1,673,545 from all available resources including voluntary renuncements of unspent balances of appropriations, so that from the amount of unutilized balances of appropriations due to Member States in 2020 and 2021 and voluntarily renounced to the Organization, up to €1,673,545 may be utilized to support regular budget gross expenditures, if so allocated for that purpose by the relevant Member States. In decision GC.18/Dec.15, the General Conference encouraged Member States to consider voluntarily renouncing their shares of the unutilized balances of appropriations to strengthen the programmes of UNIDO, and further requested the Director General to report to the Board at its forty-eighth and forty-ninth sessions, through the Programme and Budget Committee, on the implementation of this decision.

Furthermore, in its decision GC.18/Dec.14(f)(v), the Conference requested the Director General to submit detailed reports on the state of financing and implementation of the programme and budgets 2020–2021 to the Programme and Budget Committee, the Industrial Development Board, and the General Conference of UNIDO.

The Committee will thus have before it:

- Financial situation of UNIDO. Report by the Director General (PBC.37/4-IDB.49/4)
- Status of assessed contributions. Note by the Secretariat (PBC.37/CRP.4)

Item 6. Report by the informal working group on Programme and Budget Committee-related issues

Through decision IDB.45/Dec.7, paragraph (d), the Board established an informal working group, without cost implications, to address Programme and Budget Committee-related issues of the Organization.

In its decision IDB.46/Dec.8, paragraph (b), the Board extended the mandate of the informal working group until it is decided by the Board to conclude its deliberations, and requested its Co-chairs to continue reporting annually to the Board through the Programme and Budget Committee.

At its eighteenth session, the General Conference decided that, for the biennium 2020–2021, the level of the Working Capital Fund and the authorized purposes of the Fund should remain the same as for the biennium 2018–2019. Furthermore, the Conference adopted GC.18/Dec.13 on activating the use of the Working Capital Fund to significantly reduce the problem of unutilized balances of appropriations. Through decisions GC.18/Dec.12(d) and GC.18/Dec.13(h) the Conference invited the Informal Working Group to discuss the adequacy of the level of the Working Capital Fund and to develop, in close consultation with the Secretariat, proposals for considerations at the next Programme and Budget Committee.

The proposals on the assessed contributions and on the Working Capital Fund will be included in the report by the working group.

The Committee will therefore have before it:

- Informal working group on Programme and Budget Committee-related issues. Report by the Co-Chairs (PBC.37/15-IDB.49/15)

Item 7. Programme and budgets, 2022–2023

In accordance with Articles 14.1 and 14.2 of the Constitution, the Director General shall prepare and submit to the Board through the Committee a draft programme of work for the following fiscal period, together with the corresponding estimates for those activities to be financed from the regular budget. The Director General shall, at the same time, submit proposals and financial estimates for those activities to be financed from voluntary contributions to the Organization. The Committee shall consider the proposals of the Director General and submit to the Board its recommendations on the proposed programme of work and corresponding estimates for the regular budget and the operational budget. Such recommendations of the Committee shall require a two-thirds majority of the members present and voting. At its nineteenth session, the General Conference will need to consider and approve the programme and budgets, 2022–2023.

Through decision GC.18/Dec.14 (f)(iii), the Conference requested the Director General to establish the draft budget 2022–2023 according to results-based budgeting principles.

The Committee will have before it:

- Programme and budgets, 2022–2023. Proposals by the Director General (PBC.37/5-IDB.49/5)

Item 8. Scale of assessments for apportionment of the regular budget expenses for the biennium 2022–2023

At its nineteenth session, the General Conference will need to establish a scale of assessments for the years 2022 and 2023. In accordance with Article 10.4 (b) of the Constitution, the Committee shall prepare the draft scale of assessments for regular budget expenditures, for submission to the Board. Article 15.2 of the Constitution stipulates that the scale of assessments shall be based to the extent possible on the scale most recently employed by the United Nations. The Committee will be provided with the latest information concerning the United Nations scale of assessments applicable for the years 2022 and 2023 and any adjustments that might be required for UNIDO.

The Committee will thus have before it:

- Scale of assessments for the fiscal period 2022–2023. Note by the Secretariat (PBC.37/6-IDB.49/6)

Item 9. Working Capital Fund for the biennium 2022–2023

In accordance with financial regulation 5.4 paragraph (a), the Committee should recommend to the Board the amount and purposes of the Working Capital Fund for the biennium 2022–2023. At its eighteenth session, the General Conference decided that the level of the Working Capital Fund for the biennium 2020–2021 should remain at €7,423,030 and that the authorized purposes of the Fund for the biennium 2020–2021 should remain the same as for the biennium 2018–2019, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b).

The Committee will have before it:

- Working Capital Fund for the biennium 2022–2023. Proposals by the Director General (PBC.37/7-IDB.49/7)

Item 10. Medium-term programme framework, 2022–2025

In paragraphs (e) and (f) of decision GC.15/Dec.17, the Conference at its fifteenth session requested the Director General to submit from 2015 onwards, on a quadrennial basis, to the Board in the second year of the biennium, through the Programme and Budget Committee, a draft medium-term programme framework for four years, taking into account the Lima Declaration: Towards inclusive and sustainable industrial development (GC.15/Res.1), the recommendations of the latest comprehensive policy review of operational activities for development, and the recommendations of the outcome document of the informal working group on the future, including programmes and resources, of UNIDO, entitled “Strategic Guidance Document” (IDB.41/24). At its forty-third session, the Board considered a proposal by the Director General for the medium-term programme framework, 2016–2019 (IDB.43/9 and IDB.43/9/Add.1).

Through decision IDB.44/Dec.10, the Board requested the Director General 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, taking into account the recommendations of the quadrennial comprehensive policy review of operational activities for development. At its forty-fifth session, the Board considered the Director General’s proposals for the medium-term programme framework, 2018–2021 (IDB.45/8, Add.1 and Add.2).

A proposal by the Director General for the medium-term programme framework 2022–2025 will be submitted to the Board, through the Committee.

The Committee will thus have before it:

- Medium-term programme framework, 2022–2025. Proposals by the Director General (PBC.37/8-IDB.49/8)

Item 11. Mobilization of financial resources

The *Annual Report of UNIDO 2020* provides information on mobilization of financial resources for that year.

The Committee will have before it:

- Funding performance. *Annual Report of UNIDO 2020* (PBC.37/2-IDB.49/2, chapter 8)
- Projects approved under the Industrial Development Fund, thematic and individual trust funds, and other voluntary contributions in 2020 (PBC.37/CRP.5)

Item 12. General risk management

At its thirty-second session, the Committee invited the Director General to report to the next sessions of the Industrial Development Board and the Programme and Budget Committee on UNIDO's general risk management strategy and suggest comprehensive measures for addressing the financial and administrative impact of Member States leaving the Organization including with a view to reversing the trend of withdrawal (conclusion 2016/8). Accordingly, a report will be presented in line with this conclusion and further to the report presented at the forty-eighth session of the Industrial Development Board ([IDB.48/13](#)).

The Committee will thus have before it:

- General risk management strategy. Report by the Director General (PBC.37/9-IDB.49/9)

Item 13. Appointment of the External Auditor

In accordance with financial regulation 11.1, an External Auditor, who shall be the Auditor General (or an officer exercising an equivalent function) of a Member State, shall be appointed in the manner and for the period decided by the General Conference. At its eighteenth session, the General Conference decided to appoint the Auditor General of the Russian Federation as the External Auditor for UNIDO for a period of two years, beginning on 1 July 2020 to 30 June 2022, under the terms of reference specified in the financial regulations of UNIDO (GC.18/Dec.7).

In decision GC.6/Dec.18, the Conference requested the Director General to invite proposals from Member States for the appointment of an External Auditor and to submit such proposals to the Committee for consideration. A report will be issued to the Committee concerning proposals received.

The Committee will have before it:

- Candidates for the appointment of an External Auditor. Report by the Director General (PBC.37/10-IDB.49/10)
- Candidates for the appointment of an External Auditor. Note by the Secretariat (PBC.37/CRP.6)

Item 14. Updated medium-term investment proposals

In line with paragraph (1) of decision IDB.43/Dec.6, a medium-term investment plan should be updated annually. Proposals updating the medium-term investment plan presented in document [IDB.48/8](#) will therefore be presented to the Committee.

The Committee will thus have before it:

- Medium-term investment proposals, 2021–2024. Report by the Director General (PBC.37/11-IDB.49/11)

Item 15. UNIDO's response to the COVID-19 pandemic

At its forty-eighth session, the Board adopted decision IDB.48/Dec.4, requesting the Director General to engage with Member States, the private sector, and other stakeholders to support affected countries towards an inclusive and environmentally sustainable recovery from the socioeconomic impact of the pandemic, particularly in the retention and recovery of employment in industries, manufacturing and its associated productive sectors, and the restoration of livelihoods in respective supply chains, in line with the UNIDO COVID-19 response framework and UNIDO's mandate to promote inclusive and sustainable industrial development. The Board also requested the Director General to mobilize additional, voluntary extrabudgetary resources for this purpose.

Furthermore, the Board called on UNIDO to further coordinate its response to the COVID-19 pandemic with the United Nations system, and requested the Director General to provide regular updates to Member States on the implementation of the COVID-19 response framework of UNIDO.

The Committee will have before it:

- Update on UNIDO's response to the COVID-19 pandemic. Report by the Director General (PBC.37/12-IDB.49/12)

Item 16. Third Industrial Development Decade for Africa (IDDA III)

The United Nations General Assembly resolution [70/293](#) on the Third Industrial Development Decade for Africa, 2016–2025 (IDDA III) mandated UNIDO, as one of the lead Organizations, to develop, operationalize and spearhead the implementation of IDDA III as well as enhance technical assistance and efforts towards resource mobilization for African countries specifically for this purpose.

In its resolution GC.18/Res.6, the General Conference requested the Director General to report regularly to the policymaking organs on the tangible progress in terms of concrete implementation and impact at national levels, as well as the feedback from development partners, with a view to sustaining momentum for resource mobilization and supporting data collection.

The Committee will have before it:

- Report on the Third Industrial Development Decade for Africa (IDDA III). Report by the Director General (PBC.37/13-IDB.49/13)

Item 17. United Nations development system reform

On 21 December 2016, the General Assembly of the United Nations adopted resolution [71/243](#) on the Quadrennial comprehensive policy review of operational activities for development of the United Nations system. In June 2017, the Secretary-General launched his first report on repositioning the United Nations development system (UNDS), and a second report was issued in December 2017. On 31 May 2018, the General Assembly adopted resolution [72/279](#) on the repositioning of UNDS.

In its decision IDB.46/Dec.12, the Board requested the Director General to report on UNIDO's role, including its field network, within the United Nations Country Teams and Cooperation Frameworks, as well as its involvement in the revamped regional mechanisms of the UNDS and in the United Nations Sustainable Development Group (UNSDG) in light of the UNDS reform, with the aim to strengthen the Organization's delivery of its mandate to Member States. It also requested the Director General to report on the services provided by the Resident Coordinator system to UNIDO.

Through decision GC.18/Dec.14(f)(i)(b), the Conference requested the Director General to continue financing the United Nations Resident Coordinator system, and to proactively contribute to the process and the review of the cost-sharing formula for

the calculation of contributions to the Resident Coordinator system, within the UNSDG, in the best interest of the Organization, bearing in mind inter alia the implications of the Organization's current cost-sharing contribution on its regular budget, and regularly report to Member States, including to the Programme and Budget Committee and the Industrial Development Board.

The Committee will have before it:

- United Nations development system reform. Report by the Director General (PBC.37/14-IDB.49/14)

Item 18. Date of the thirty-eighth session

The following dates have been reserved for the policymaking organs of UNIDO in 2021 and 2022:

12–15 July 2021	Industrial Development Board, forty-ninth session
29 November–3 December 2021	General Conference, nineteenth session
21–22 June 2022 (tentative)	Programme and Budget Committee, thirty-eighth session
22–24 November 2022 (tentative)	Industrial Development Board, fiftieth session

Item 19. Adoption of the report
