



## **Industrial Development Board**

### **Forty-ninth session**

Vienna, 12–15 July 2021

Agenda item 4

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

## **Report of the Programme and Budget Committee on the work of its thirty-seventh session (26–28 May 2021)**

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## Introduction

1. The Programme and Budget Committee held its thirty-seventh session at the UNIDO headquarters, Vienna International Centre, from 26 to 28 May 2021. The session took place in a hybrid format, involving both in-person attendance and participation online via the Interprefy conferencing platform. All 27 Members of the Committee participated in the session: Algeria, Austria, Brazil, China, Cuba, Finland, Germany, Hungary, Indonesia, Iran (Islamic Republic of), Italy, Japan, Kenya, Kyrgyzstan, Malta, Mexico, Morocco, Philippines, Poland, Russian Federation, South Africa, Spain, Sudan, Switzerland, Tunisia, Turkey, and Venezuela (Bolivarian Republic of).

2. The following 69 Members of UNIDO also attended the session: Afghanistan, Albania, Angola, Argentina, Armenia, Azerbaijan, Bangladesh, Belarus, Bosnia and Herzegovina, Bulgaria, Burkina Faso, Chad, Chile, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cyprus, Czechia, Democratic People's Republic of Korea, Dominican Republic, Ecuador, Egypt, El Salvador, Ghana, Guatemala, Honduras, India, Iraq, Israel, Jordan, Kazakhstan, Kuwait, Lao People's Democratic Republic, Lebanon, Libya, Luxembourg, Madagascar, Malaysia, Monaco, Mongolia, Montenegro, Mozambique, Myanmar, Namibia, Nepal, Netherlands, Nicaragua, Nigeria, Norway, Oman, Pakistan, Paraguay, Peru, Republic of Korea, Romania, Senegal, Slovenia, Somalia, Sri Lanka, State of Palestine, Sweden, Thailand, Ukraine, United Arab Emirates, Uruguay, Viet Nam, Yemen, and Zimbabwe.

3. The following United Nations bodies were represented: The Food and Agriculture Organization of the United Nations (FAO), the International Atomic Energy Agency (IAEA), and the International Telecommunication Union (ITU).

4. The following organizations were represented: The Asian-African Legal Consultative Organization (AALCO), the Arab Industrial Development, Standardization and Mining Organization (AIDSMO), the European Union (EU), the European Investment Bank (EIB), the Cooperation Council for the Arab States of the Gulf (GCC), the International Coconut Community (ICC), the International Centre for Genetic Engineering and Biotechnology (ICGEB), the Organization of African, Caribbean and Pacific States (OACPS), the Organization of Islamic Cooperation (OIC), the Senegal River Basin Development Organization (OMVS), the Organization of the Petroleum Exporting Countries (OPEC), and the Standards and Metrology Institute for Islamic Countries (SMIIC).

5. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation H.E. Ms. Faouzia Mebarki (Algeria) as Chair; H.E. Ms. Esther Monterrubio Villar (Spain), Mr. Seyed Mohammad Hassani (Islamic Republic of Iran), and Mr. Marco Negrete Jiménez (Mexico) as Vice-Chairs; and Mr. Henryk Czubek (Poland) as Rapporteur.

6. The agenda for the thirty-seventh session as adopted by the Committee is contained in document PBC.37/1. 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.

7. 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.

8. The report contains the conclusions reached by the Committee. The annex to the present report contains the list of documents submitted to the Committee at its current session.

9. The following conclusions of the Committee contain recommendations that call for action by the Board at its forty-ninth session or are of relevance to the work of that session:

<i>Conclusion</i>	<i>Subject</i>	<i>Page</i>
2021/2	Financial situation of UNIDO	4
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2021/4	Scale of assessments for the fiscal period 2022–2023	5
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## **I. Organizational and procedural matters**

10. On 26 May, the Committee considered a proposal by the Chair to optimize the utilization of available conference-servicing resources and adopted the following conclusions:

### **Conclusion 2021/1 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-seventh session only, provided no substantive decisions were taken at those meetings.

11. The Committee decided to set up informal, in-session consultations with the aim of facilitating the drafting of conclusions and entrusted the Vice-Chair Mr. Marco Negrete Jiménez (Mexico) to chair those consultations.

## **II. Report of the External Auditor for 2020 (item 4)**

12. On 26 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 2020 (PBC.37/3 and CRP.2) and a note by the Independent Oversight Advisory Committee providing comments on the report of the External Auditor (PBC.37/CRP.3).

13. On 28 May, at the suggestion of the Chair, the Committee took note of the information provided on item 4.

## **III. Financial situation of UNIDO, including unutilized balances of appropriations (item 5); Programme and budgets, 2022–2023 (item 7); Scale of assessments for apportionment of the regular budget expenses for the biennium 2022–2023 (item 8); Working Capital Fund for the biennium 2022–2023 (item 9)**

14. The Committee decided to discuss simultaneously items 5, 7, 8 and 9.

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

15. On 26 May, the Committee considered a report by the Director General on the financial situation of UNIDO (PBC.37/4) and a note by the Secretariat on the status of assessed contributions (PBC.37/CRP.4).

16. On 28 May, after consideration of a draft conclusion on the financial situation of UNIDO, submitted by the Chair (PBC.37/L.2), the Committee adopted the following conclusion:

**[Conclusion 2021/2]**

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 information contained in document [PBC.37/4](#);
- (b) Urges those Member States and former Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years’ arrears, to do so without delay;
- (c) Requests the Director General to pursue his efforts and contacts with Member States and former Member States to effect the collection of arrears.”

**B. Programme and budgets, 2022–2023 (item 7)**

17. On 26 May, the Committee considered the proposals of the Director General for the programme and budgets, 2022–2023 ([PBC.37/5](#)).

18. On 28 May, after consideration of a draft conclusion on the programme and budgets, 2022–2023, submitted by the Chair ([PBC.37/L.6](#)), the Committee adopted the following conclusion:

**[Conclusion 2021/3]**

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 proposals of the Director General on the programme and budgets for the biennium 2022–2023, as contained in document IDB.49/5-PBC.37/5 and amended by document IDB.49/5/Add.1;
- (b) Takes note with appreciation that the proposed programme and budgets were prepared in compliance with decision GC.18/Dec.14, by which Member States requested the Director General to “establish the [...] draft budget 2022–2023 according to results-based budgeting principles”;
- (c) Recognizes the challenges of transitioning to the new results-based budget framework and the efforts made by the Secretariat to prepare a balanced, evidence-based programme and budgets based on the results data generated by the integrated results and performance framework, and encourages further efforts to improve results-based management at the project, programme and corporate level;
- (d) Recommends to the General Conference the approval of the proposed results-based budget structure and takes note with appreciation of the improved alignment between the Programme and Budgets, 2022–2023 and the medium-term programme framework, 2022–2025, as recommended, inter alia, by the Report of the External Auditor for the financial year 2018 ([IDB.47/3-PBC.35/3](#));
- (e) Recommends to the General Conference the approval of estimates of regular budget gross expenditures of €145,929,543 to be financed from assessed contributions in the amount of €141,856,243 and other income of €4,073,300;
- (f) Also recommends to the General Conference the approval of estimates of gross expenditures totalling €39,582,700 for the purpose of the operational budget for the biennium 2022–2023 to be financed from the reimbursement of support costs pertaining to technical cooperation and other services in the amount of €37,785,546 and other income amounting to €1,797,154 as may be provided for in the financial regulations;

(g) Further, recommends to the General Conference the approval of €71,300 accumulated in the Special Account of Voluntary Contributions for Core Activities for the purpose of career development training during the biennium 2022–2023;

(h) Requests the Director General to:

(i) Ensure a balanced allocation of resources among Results 1 to 5 during the execution of the Programme and Budgets, 2022–2023, with a special emphasis on Development Results one through three and Least Developed Countries;

(ii) Report on the state of financing and implementation of the Programme and Budgets, 2022–2023 to the Programme and Budget Committee, the Industrial Development Board, and the General Conference of UNIDO throughout the biennium;

(iii) Report to the next two sessions of the Programme and Budget Committee on efficiencies and savings between sessions, with the understanding that the search for efficiencies and savings must be a continuous management process, without hampering the core functions of the Organization;

(iv) Continue strengthen the Secretariat’s results-based management processes and tools, as they relate to, inter alia, target-setting, impact-oriented planning, and continuous monitoring, reporting and evaluation, as a means to improve accountability and learning at UNIDO;

(v) Report yearly to the Board on the progress made by the Secretariat on items (ii) and (iii) above, in particular on improving the results data within the integrated results and performance framework, with a view to, inter alia, inform accurate target-setting in future programme and budgets;

(i) Notes that the Special Resources for Africa together with voluntary contributions will be used to foster industrialization in Africa and implement UNIDO’s leading role assigned in United Nations General Assembly resolution [70/293](#) on the Third Industrial Development Decade for Africa.”

### **C. Scale of assessments for apportionment of the regular budget expenses for the biennium 2022–2023 (item 8)**

19. On 26 May, the Committee considered a note by the Secretariat on the scale of assessments for the fiscal period 2022–2023 ([PBC.37/6](#)).

20. On 28 May, after consideration of a draft conclusion on the scale of assessments, 2022–2023, submitted by the Chair ([PBC.37/L.3](#)), the Committee adopted the following conclusion:

#### **[Conclusion 2021/4]**

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.49/6-PBC.37/6](#);

(b) Recommends to the General Conference the establishment of a scale of assessments for the fiscal period 2022–2023 based on the United Nations General Assembly resolution [73/271](#), 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 2022–2023 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 2022–2023 (item 9)**

21. On 26 May, the Committee considered the proposals of the Director General for the Working Capital Fund for the biennium 2022–2023 ([PBC.37/7](#)).

22. On 28 May, after consideration of a draft conclusion on the Working Capital Fund, 2022–2023, submitted by the Chair ([PBC.37/L.4](#)), the Committee adopted the following conclusion:

##### **[Conclusion 2021/5]**

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.49/7-PBC.37/7](#);

(b) Recommends to the Industrial Development Board that the level of the Working Capital Fund for the biennium 2022–2023 should remain at €7,423,030 and that the authorized purposes of the Fund for the biennium 2022–2023 should remain the same as for the biennium 2020–2021, 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. Annual Report of the Director General for 2020 (item 3)**

23. On 27 May, the Committee considered the *Annual Report of UNIDO 2020* ([PBC.37/2](#)).

24. On 28 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 3.

#### **V. Report of the informal working group on Programme and Budget Committee-related issues (item 6)**

25. On 27 May, the Committee considered the report of the Co-Chairs of the informal working group on Programme and Budget Committee-related issues ([PBC.37/15](#)), and an update by the Co-Chairs ([PBC.37/CRP.7](#)).

26. On 28 May, at the suggestion of the Chair, the Committee took note of the information provided by the Co-Chairs on item 6.

## **VI. Medium-term programme framework, 2022–2025 (item 10)**

27. On 27 May, the Committee considered proposals by the Director General on the medium-term programme framework, 2022–2025 ([PBC.37/8](#)).

28. On 28 May, at the suggestion of the Chair, the Committee took note of the proposals provided by the Director General on item 10.

## **VII. Mobilization of financial resources (item 11)**

29. On 27 May, the Committee considered a note by the Secretariat on projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2020 ([PBC.37/CRP.5](#)).

30. On 28 May, at the suggestion of the Chair, the Committee took note of the information provided by the Secretariat on item 11.

## **VIII. General risk management (item 12)**

31. On 27 May, the Committee considered a report by the Director General on the general risk management ([PBC.37/9](#)).

32. On 28 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 12.

## **IX. Updated medium-term investment proposals (item 14)**

33. On 27 May, the Committee considered a report by the Director General on the updated medium-term investment proposals, 2021–2024 ([PBC.37/11](#)).

34. On 28 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 14.

## **X. UNIDO's response to the COVID-19 pandemic (item 15)**

35. On 27 May, the Committee considered a report by the Director General updating on UNIDO's response to the COVID-19 pandemic ([PBC.37/12](#)).

36. On 28 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 15.

## **XI. Appointment of an External Auditor (item 13)**

37. On 27 May, the Committee considered a report by the Director General on the appointment of an External Auditor ([PBC.37/10](#)) and a note by the Secretariat on the candidates for the appointment of an External Auditor ([PBC.37/CRP.6](#)).

38. On 28 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 13.

## **XII. Third Industrial Development Decade for Africa (IDDA III) (item 16)**

39. On 27 May, the Committee considered a report by the Director General on the Third Industrial Development Decade for Africa ([PBC.37/13](#)).

40. On 28 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 16.

### **XIII. United Nations development system reform (item 17)**

41. On 27 May, the Committee considered a report by the Director General on the United Nations development system reform ([PBC.37/14](#)).

42. On 28 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 17.

### **XIV. Date of the thirty-eighth session (item 18)**

43. On 27 May, the Committee took note of the entry contained in the annotated agenda ([PBC.37/1/Add.1](#)) on the dates reserved for the policymaking organs of UNIDO in 2021 and 2022.

44. On 28 May, after consideration of a draft conclusion on the date of the thirty-eighth session, submitted by the Chair ([PBC.37/L.5](#)), the Committee adopted the following conclusion:

#### **[Conclusion 2021/6]**

The Programme and Budget Committee decided to hold its thirty-eighth session on 21 and 22 June 2022.

### **XV. Adoption of the report (item 19) and closure of the thirty-seventh session**

45. On 28 May, the Committee adopted the draft report on the work of its thirty-seventh session ([PBC.37/L.1](#)) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

46. The Committee closed its thirty-seventh session at 3.37 p.m. on 28 May 2021.



## Annex

## List of documents submitted to the thirty-seventh session

	<i>Agenda item</i>	<i>Symbol</i>	<i>Title</i>
1	Election of officers	-	-
2	Adoption of the agenda	<a href="#">PBC.37/1</a>	Provisional agenda
		<a href="#">PBC.37/1/Add.1</a>	Annotated provisional agenda
		<a href="#">PBC.37/CRP.1</a>	List of documents
3	Annual Report of the Director General for 2020	<a href="#">PBC.37/2</a> <a href="#">IDB.49/2</a>	<i>Annual Report of UNIDO 2020</i>
4	Report of the External Auditor for 2020	<a href="#">PBC.37/3</a> <a href="#">IDB.49/3</a>	Report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2020
		<a href="#">PBC.37/CRP.2</a>	Annexes to the report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2020 (unaudited)
		<a href="#">PBC.37/CRP.3</a>	Comments on the Report of the External Auditor. Note by the UNIDO Independent Oversight Advisory Committee
5	Financial situation of UNIDO, including unutilized balances of appropriations	<a href="#">PBC.37/4</a> <a href="#">IDB.49/4</a>	Financial situation of UNIDO. Report by the Director General
		<a href="#">PBC.37/CRP.4</a>	Status of assessed contributions. Note by the Secretariat
6	Report by the informal working group on Programme and Budget Committee-related issues	<a href="#">PBC.37/15</a> <a href="#">IDB.49/15</a>	Report by the informal working group on Programme and Budget Committee-related issues. Report by the Co-Chairs
		<a href="#">PBC.37/CRP.7</a>	Update on the report of the informal working group on Programme and Budget Committee-related issues. Note by the Co-Chairs
7	Programme and budgets, 2022-2023	<a href="#">PBC.37/5</a> <a href="#">IDB.49/5</a>	Programme and budgets, 2022–2023. Proposals by the Director General
8	Scale of assessments for apportionment of the regular budget expenses for the biennium 2022–2023	<a href="#">PBC.37/6</a> <a href="#">IDB.49/6</a>	Scale of assessments for the fiscal period 2022–2023. Note by the Secretariat
9	Working Capital Fund for the biennium 2022–2023	<a href="#">PBC.37/7</a> <a href="#">IDB.49/7</a>	Working Capital Fund for the biennium 2022–2023. Proposals by the Director General
10	Medium-term programme framework, 2022–2025	<a href="#">PBC.37/8</a> <a href="#">IDB.49/8</a>	Medium-term programme framework, 2022–2025. Proposals by the Director General
11	Mobilization of financial resources	<a href="#">PBC.37/2</a> , chapter 8 <a href="#">IDB.49/2</a> , chapter 8	Funding performance. <i>Annual Report of UNIDO 2020</i>
		<a href="#">PBC.37/CRP.5</a>	Projects approved under the Industrial Development Fund, thematic and individual trust funds, and other voluntary contributions in 2020

	<i>Agenda item</i>	<i>Symbol</i>	<i>Title</i>
12	General risk management	<a href="#">PBC.37/9</a> <a href="#">IDB.49/9</a>	General risk management strategy. Report by the Director General
13	Appointment of the External Auditor	<a href="#">PBC.37/10</a> <a href="#">IDB.49/10</a>  PBC.37/CRP.6	Candidates for the appointment of an External Auditor. Report by the Director General  Candidates for the appointment of an External Auditor. Note by the Secretariat
14	Updated medium-term investment proposals	<a href="#">PBC.37/11</a> <a href="#">IDB.49/11</a>	Medium-term investment proposals, 2021–2024. Report by the Director General
15	UNIDO's response to the COVID-19 pandemic	<a href="#">PBC.37/12</a> <a href="#">IDB.49/12</a>	Update on UNIDO's response to the COVID-19 pandemic. Report by the Director General
16	Third Industrial Development Decade for Africa (IDDA III)	<a href="#">PBC.37/13</a> <a href="#">IDB.49/13</a>	Report on the Third Industrial Development Decade for Africa (IDDA III). Report by the Director General
17	United Nations development system reform	<a href="#">PBC.37/14</a> <a href="#">IDB.49/14</a>	United Nations development system reform. Report by the Director General
18	Date of the thirty-eighth session	<a href="#">PBC.37/1/Add.1</a>	Annotated provisional agenda
19	Adoption of the report	-	-