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Agenda item 4

Report of the Programme and Budget Committee

Report of the Programme and Budget Committee on the work of its thirty-eighth session (21–22 June 2022)

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Introduction

1. The Programme and Budget Committee held its thirty-eighth session at UNIDO headquarters, Vienna International Centre, on 21 and 22 June 2022. The Committee was held in a hybrid format involving in-person and virtual participation. All 26 Members¹ of the Committee participated in the session: Algeria, Argentina, Austria, Brazil, Burkina Faso, China, Egypt, Finland, Germany, Ghana, Hungary, India, Iran (Islamic Republic of), Italy, Japan, Malta, Mexico, Morocco, Pakistan, Philippines, Poland, Russian Federation, Spain, Tunisia, Türkiye and Uruguay.

2. The following 64 Members of UNIDO also attended the session: Afghanistan, Albania, Angola, Armenia, Azerbaijan, Bangladesh, Barbados, Belarus, Benin, Bosnia and Herzegovina, Bulgaria, Chile, Colombia, Costa Rica, Côte d'Ivoire, Cyprus, Czechia, Democratic People's Republic of Korea, Dominican Republic, Ecuador, El Salvador, Honduras, Indonesia, Iraq, Israel, Jordan, Kenya, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Lesotho, Libya, Luxembourg, Madagascar, Malaysia, Mongolia, Montenegro, Myanmar, Namibia, Nepal, Netherlands, Nicaragua, Norway, Oman, State of Palestine, Panama, Peru, Qatar, Republic of Korea, Romania, Senegal, Seychelles, Slovenia, South Africa, Sri Lanka, Sudan, Sweden, Syrian Arab Republic, Thailand, Ukraine, United Arab Emirates, Venezuela (Bolivarian Republic of), Viet Nam and Yemen.

3. The following organizations were represented: Black Sea Economic Cooperation (BSEC), European Union (EU), GCC Standardization Organisation (GSO), Gulf Cooperation Council (GCC), International Coconut Community (ICC) and the League of Arab States (LAS).

4. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation H.E. Mr. Alessandro Cortese (Italy) as Chair; H.E. Mr. Aftab Ahmad Khokher (Pakistan), Mr. Hazem Zaki (Egypt), and Ms. Andrea Nemes (Hungary) as Vice-Chairs; and Ms. Maria Elizabeth Bogosián Álvarez (Uruguay) as Rapporteur.

5. The agenda for the thirty-eighth session as adopted by the Committee is contained in document PBC.38/1/Rev.1. Following the adoption of the agenda and the approval of a schedule of work proposed by the Chair, the Director General made an introductory statement that was duly taken into account by the Committee in the consideration of the relevant agenda items.

6. The report of the Programme and Budget Committee is submitted to the Industrial Development Board in accordance with Article 10.4 (d) of the Constitution.

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

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

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¹ As per Article 10.1 of the UNIDO Constitution, the Committee shall consist of 27 Members of the Organization elected by the Conference. One seat from List B remains vacant. Currently the Committee consists of 26 members.

I. Organizational and procedural matters

9. On 21 June, the Committee considered a proposal by the Chair to optimize the utilization of available conference-servicing resources and adopted the following conclusion, waiving its twenty-four hour notice period for the suspension of rules:

Conclusion 2022/1 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-eighth session only, provided no substantive decisions were taken at those meetings.

10. The Committee decided to set up informal, in-session consultations with the aim of facilitating the drafting of conclusions and entrusted the Vice-Chairs Mr. Hazem Zaki (Egypt) and Ms. Andrea Nemes (Hungary) to chair those consultations. The Committee furthermore set the deadline for the receipt of draft conclusions at 4.15 p.m. on 21 June 2022, and decided to close the list of speakers at 10 a.m. on 22 June 2022.

II. Annual Report of the Director General for 2021 (item 3), and Managing for results: Update on the implementation of the medium-term programme framework, 2022–2025 (item 3 (a))

11. On 21 June, the Committee considered the *Annual Report of UNIDO 2021* (PBC.38/2), a report by the Director General on Managing for Results: Update on the implementation of the medium-term programme framework, 2022–2025, and an update thereto (PBC.38/5 and CRP.5).

12. On 22 June, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 3 and 3(a).

III. UNIDO's response to the COVID-19 pandemic (item 12)

13. On 21 June, the Committee considered a report by the Director General on UNIDO's response to the COVID-19 pandemic (PBC.38/12).

14. On 22 June, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 12.

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

15. On 22 June, the Committee considered a report by the Director General on the financial situation of UNIDO (PBC.38/4) and a note by the Secretariat on the status of assessed contributions (PBC.36/CRP.4).

16. On 22 June, after consideration of a draft conclusion on the financial situation of UNIDO, submitted by the Chair (PBC.38/L.2), the Committee adopted the following conclusion:

Conclusion 2022/2

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 IDB.50/4-PBC.38/4;

(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."

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

17. On 22 June, the Committee considered the report by the Co-Chairs of the informal working group on Programme and Budget Committee-related issues and an update thereto (PBC.38/6 and CRP.6).

18. On 22 June, at the suggestion of the Chair, the Committee took note of the information provided by the Co-Chairs on item 6.

VI. Mobilization of financial resources (item 7)

19. On 22 June, the Committee considered a report by the Director General on the mobilization of financial resources (PBC.38/7/Rev.1); chapter 8 of the *Annual Report of UNIDO 2021* on funding performance (PBC.38/2); and a note by the Secretariat on projects approved under the Industrial Development Fund, thematic and individual trust funds, and other voluntary contributions in 2021 (PBC.38/CRP.7).

20. On 22 June, after consideration of a draft conclusion on the mobilization of financial resources, submitted by the Chair (PBC.38/L.3), the Committee adopted the following conclusion:

Conclusion 2022/3

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

(a) Takes note of the information contained in document IDB.50/7/Rev.1-PBC.38/7/Rev.1;

(b) Decides to delegate to the Director General the authority to approve in an equitable and transparent manner projects for financing, previously prepared and agreed by the UNIDO Secretariat and the concerned parties and donors, under the Industrial Development Fund in 2022 and 2023 in accordance with the priorities defined in the medium-term programme framework 2022–2025 (IDB.49/8-PBC.37/8);

(c) Encourages Member States and other funding partners to increase their voluntary contributions to UNIDO, including for the 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 encourages all funding partners 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) Requests 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) Encourages 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 funding partners, multi-donor trust funds, the World Bank as well as other development finance institutions;

(g) Strongly recommends 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.”

VII. Report of the External Auditor for 2021 (item 4)

21. On 22 June, 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 2021 (PBC.38/3); a note by the Secretariat containing the annexes to the report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2021 (unaudited) (PBC.38/CRP.2); and a note by the UNIDO Independent Oversight Advisory Committee, providing comments on the report of the External Auditor (PBC.38/CRP.3).

22. On 22 June, at the suggestion of the Chair, the Committee took note of the information provided on item 4.

VIII. General risk management (item 8)

23. On 22 June, the Committee considered a report by the Director General on general risk management (PBC.38/8).

24. On 22 June, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 8.

IX. Updated medium-term investment proposals (item 9)

25. On 22 June, the Committee considered a report by the Director General on the medium-term investment proposals, 2022-2025 (PBC.38/9).

26. On 22 June, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 9.

X. Third Industrial Development Decade for Africa (IDDA III) (item 10)

27. On 22 June, the Committee considered a report by the Director General on the Third Industrial Development Decade for Africa (IDDA III) (PBC.38/10).

28. On 22 June, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 10.

XI. United Nations development system reform (item 11)

29. On 22 June, the Committee considered a report by the Director General on the United Nations development system reform (PBC.38/11).

30. On 22 June, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 11.

XII. Date of the thirty-ninth session (item 13)

31. On 22 June, the Committee took note of the entry contained in the annotated agenda (PBC.38/1/Add.1) on the dates reserved for the policymaking organs of UNIDO in 2022 and 2023.

32. On 22 June, after consideration of a draft conclusion on the date of the thirty-ninth session, submitted by the Chair (PBC.38/L.4), the Committee adopted the following conclusion:

Conclusion 2022/4

The Programme and Budget Committee decided to hold its thirty-ninth session from 15 to 17 May 2023.

XIII. Adoption of the report (item 14) and closure of the thirty-eighth session

33. On 22 June, the Committee adopted the English language report on the work of its thirty-eighth session (PBC.38/L.1) on the understanding that the Rapporteur would be entrusted with the task of finalizing the language versions of the report in consultation with the designated representatives.

34. The Committee closed its thirty-eighth session in the afternoon of 22 June 2022.

Annex

List of documents submitted to the thirty-eighth session

	Agenda item	Symbol	Title
1	Election of officers	-	-
2	Adoption of the agenda	PBC.38/1	Provisional agenda
		PBC.38/1/Add.1	Annotated provisional agenda
		PBC.38/CRP.1	List of documents
3	Annual Report of the Director General for 2021	PBC.38/2 IDB.50/2	<i>Annual Report of UNIDO 2021</i>
3 (a)	Managing for results: Update on the implementation of the medium-term programme framework, 2022–2025	PBC.38/5 IDB.50/5	Managing for Results: Update on the implementation of the medium-term programme framework, 2022–2025. Report by the Director General
		PBC.38/CRP.5	UPDATE – Managing for Results: Update on the implementation of the medium-term programme framework, 2022–2025. Report by the Director General
4	Report of the External Auditor for 2021	PBC.38/3 IDB.50/3	Report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2021
		PBC.38/CRP.2	Annexes to the report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2021 (unaudited).
		PBC.38/CRP.3	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	PBC.38/4 IDB.50/4	Financial situation of UNIDO. Report by the Director General
		PBC.38/CRP.4	Status of assessed contributions. Note by the Secretariat
6	Report by the informal working group on Programme and Budget Committee-related issues	PBC.38/6 IDB.50/6	Report by the informal working group on Programme and Budget Committee-related issues. Report by the Co-Chairs
		PBC.38/CRP.6	Update on the report by the informal working group on Programme and Budget Committee-related issues. Report by the Co-Chairs
7	Mobilization of financial resources	PBC.38/7/Rev.1 IDB.50/7/Rev.1	Mobilization of financial resources. Report by the Director General
		PBC.38/2, chapter 8 IDB.50/2, chapter 8	Funding performance. <i>Annual Report of UNIDO 2021</i>
		PBC.38/CRP.7	Projects approved under the Industrial Development Fund, thematic and individual trust funds, and other voluntary contributions in 2021
8	General risk management	PBC.38/8 IDB.50/8	General risk management. Report by the Director General

	Agenda item	Symbol	Title
9	Updated medium-term investment proposals	PBC.38/9 IDB.50/9	Medium-term investment proposals, 2022–2025. Report by the Director General
10	Third Industrial Development Decade for Africa (IDDA III)	PBC.38/10 IDB.50/10	Report on the Third Industrial Development Decade for Africa (IDDA III). Report by the Director General
11	United Nations development system reform	PBC.38/11 IDB.50/11	United Nations development system reform. Report by the Director General
12	UNIDO's response to the COVID-19 pandemic	PBC.38/12 IDB.50/12	UNIDO's response to the COVID-19 pandemic. Report by the Director General
13	Date of the thirty-ninth session	PBC.38/1/Add.1	Annotated provisional agenda
14	Adoption of the report	IDB.50/13	Report of the Programme and Budget Committee on the work of its thirty-eighth session (21–22 June 2022)
