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Programme and Budget Committee
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Item 6 of the provisional agenda
**Report by the informal working group on
Programme and Budget Committee-related
issues**

Report of the informal working group on Programme and Budget Committee-related issues

Report by the Co-Chairs

Further to the update on the report of the informal working group on Programme and Budget Committee-related issues contained in document IDB.50/CRP.4, the present document provides an update on the meetings of the informal working group on Programme and Budget Committee-related issues (IWG) since the fiftieth session of the Industrial Development Board. Member States can access all relevant presentations, background documents and summary notes provided to the working group through the UNIDO Member States extranet at extranet.unido.org.

I. Overview of meetings: dates and topics

1. Since 24 November 2022, the IWG held one substantive meeting on 21 February 2023 on the proposed UNIDO programme and budgets 2024–2025.

II. Discussion on the proposed programme and budgets 2024–2025 (21 February 2023)

2. The Secretariat presented an outline of the proposed UNIDO programme and budgets for the biennium 2024–2025, including the background to, philosophy of and vision behind the proposal, as well as the structure and figures of the first draft.

3. In the ensuing discussion, participants raised a number of points. These centred on the overall amount of the proposed increase of the budgets, its justification and impact on the Assessed Contributions of each Member State, as well as on the delivery of specific services, such as the Programme for Country Partnerships and individual technical cooperation programmes and projects.

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4. Furthermore, participants enquired as to the relationship between the expected consistent 25 per cent increase in technical cooperation delivery and the necessity of “structural increase” in the regular budget.

5. More information was requested of the Secretariat regarding the proposed vertical and horizontal flexibility, on the projected increase in staffing cost and on the proposed new structure of the current Special Account of Voluntary Contributions for Core Activities (SAVCCA).

6. Having underlined the preliminary nature of this first meeting with the informal working group, the Secretariat addressed these issues with the following initial comments:

(a) The current draft foresaw a 10 per cent increase to meet increased costs and allow UNIDO to meet the increased requests from Member States and financing partners to deliver more in a more efficient, effective and swift way, while maintaining the current level of staffing. In addition, it also included a 5 per cent structural increase in the planned regular budget, which represented an increase required to deliver on the projected consistent increase in technical cooperation delivery of 25 per cent. The increased costs included in these figures would be provided at a future meeting of the informal working group;

(b) Regarding the assessed contributions, while the scale of assessment was established by Member States in New York, its application to UNIDO required an adjustment in line with the unique makeup of UNIDO’s membership. This would be presented in more detailed at the subsequent meeting of the informal working group;

(c) Regarding budgetary flexibility, this was an ongoing discussion between the Secretariat and Member States, as UNIDO currently did not have such flexibility. The experience from the coronavirus disease (COVID-19) pandemic showed that this was required to more swiftly meet the challenges encountered and changing requirements from Member States;

(d) Regarding the delivery of technical cooperation in all its forms, the budgets were proposed on the basis of ensuring an increased delivery of 25 per cent;

(e) The increase in staffing cost were based on the increases approved by the Member States within the United Nations common system of salaries, allowances and benefits;

(f) The proposal to re-design the SAVVCA into the envisaged “Innovation and Transformation Fund” aimed to cover some core activities through voluntary contributions in a more transparent and time-bound manner, offering more visibility to donor countries. More information would be provided officially to the Programme and Budget Committee in the form of a specific document, while the lack of support cost was already in line with the current Financial Regulations;

(g) During the past years the Organization had used all means at its disposal to overcome the challenges set out by the COVID-19 pandemic and the current economic crises, by further optimizing processes, structures and the delivery of technical cooperation. It would be difficult to further implement optimization, and this bore the risk that marginal revenues attained by such additional optimizations might be surpassed by marginal costs raised.

III. Action required by the Committee

7. The Committee may wish to take note of the information contained in the present document.