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Agenda item 4

Adoption of the report

Report of the Programme and Budget Committee on the work of its thirty-ninth session (15–17 May 2023)

Addendum

Resumed thirty-ninth session of 23 May 2023

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Introduction

1. In accordance with rule 7 of the rules of procedures of the Committee, the Chair of the Programme and Budget Committee adjourned the thirty-ninth session of the Committee for the purpose of deciding on the programme and budgets, 2024–2025 (item 7) and the budget implementation flexibility (item 10).
2. The report of the Programme and Budget Committee on the work of its resumed thirty-ninth session is presented to the Industrial Development Board in accordance with Article 10.4 (d) of the Constitution.

I. Organizational and procedural matters

3. The resumed thirty-ninth session of the Committee was held at UNIDO Headquarters, Vienna International Centre, on 23 May 2023 (one plenary meeting).
4. The Chairperson of the thirty-ninth session of the Committee, H.E. Mr. Aftab Ahmad Khoker (Pakistan) presided over the resumed session.

Participation

5. The session took place in a hybrid format, involving both in-person attendance and participation online via the Interprefy conferencing platform. The following 26 of the 27 Members 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.

6. The following 69 Members of UNIDO also attended the session:

Afghanistan, Albania, Angola, Armenia, Azerbaijan, Bangladesh, Belarus, Bolivia (Plurinational State of), Chile, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Cyprus, Czechia, Democratic People's Republic of Korea, Dominican Republic, Ecuador, El Salvador, Ethiopia, Guatemala, Honduras, Indonesia, Iraq, Israel, Jordan, Kenya, Kuwait, Lebanon, Libya, Luxembourg, Malaysia, Monaco, Mongolia, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Norway, Oman, Panama, Paraguay, Peru, Qatar, Republic of Korea, Republic of Moldova, Romania, Saudi Arabia, Senegal, Serbia, Slovenia, South Africa, Sri Lanka, State of Palestine, Sudan, Sweden, Switzerland, Syrian Arab Republic, Tajikistan, Thailand, Ukraine, United Arab Emirates, United Republic of Tanzania, Uzbekistan, Venezuela, Viet Nam and Yemen.

7. The following United Nations bodies were represented:

Food and Agriculture Organization (FAO) and International Atomic Energy Agency (IAEA).

8. The following organizations were represented:

African Union (AU), Asian-African Legal Consultative Organization (AALCO), Black Sea Economic Cooperation (BSEC), European Union (EU), International Network for Bamboo and Rattan (INBAR), The Standards and Metrology Institute for Islamic Countries (SMIIC) and the West African Health Organization (WAHO).

II. Programme and budgets, 2024–2025 (item 7)

9. The Committee resumed its thirty-ninth session to continue the consideration of agenda item 7: Programme and budgets, 2024–2025.

10. The Committee had before it proposals of the Director General for the programme and budgets, 2024–2025 (PBC.39/6), adjustments to the proposals of the Director General (PBC.39/6/Add.1), a report on the introduction of the UNIDO Innovation and Transformation Fund (PBC.39/CRP.8) and a note by the Secretariat on the UNIDO Programme and Budgets, 2024–2025: from a programmatic approach to results-based budgeting: additional information (PBC.39/CRP.9).

11. The Committee considered a draft conclusion submitted by the Chair (PBC.39/L.7) and adopted the following conclusion:

[Conclusion 2023/7]

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 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”;

(b) While recognizing the efforts made by the Secretariat to prepare a balanced, detailed and evidence-based programme and budgets based on the results data generated by the integrated results and performance framework (IRPF), encourages further efforts in consultation with Member States within the informal working group on Programme and Budget Committee-related issues to improve results-based structure, management and reporting at the project, programme and corporate levels;

(c) Adopts the programme and budgets for the biennium 2024–2025, as proposed by the Director General on the programme and budgets for the biennium 2024–2025, as contained in document IDB.50/6-PBC.39/6 and amended by document IDB.50/6/Add.1-PBC.39/6/Add.1;

(d) Recommends to the General Conference the approval of estimates of regular budget gross expenditures of €163,059,399 to be financed from assessed contributions in the amount of €157,815,529 and other income of €5,243,870;

(e) Without prejudice to the continuing progress in the application of the principle of full cost recovery, as feasible, also recommends to the General Conference the approval of estimates of gross expenditures totalling €47,247,800 for the purpose of the operational budget for the biennium 2024–2025 to be financed from the reimbursement of support costs pertaining to technical cooperation and other services in the amount of €42,666,213 and other income amounting to €4,581,587 as may be provided for in the financial regulations;

(f) Takes note that €348,700 has accumulated in the Special Account of Voluntary Contributions for Core Activities (SAVCCA), and further notes that SAVCCA is to be renamed “Innovation and Transformation Fund” (ITF), which will be deployed in line with stipulated Terms of Reference and accountability mechanism (IDB.43/5-PBC.31/5) during the biennium 2024–2025 and following the requirements laid out by decision IDB.43/Dec.6 (i);

(g) Recommends to the General Conference to take note of the renaming of the Special Account for Voluntary Contributions for Core Activities (SAVCCA) to the “Innovation and Transformation Fund” (ITF), with the scope of ensuring greater transparency in the relation with voluntary donors, of its forecasted value of up to €15,812,452 for 2024–2025, and of the purposes, as outlined in documents PBC.39/6, PBC.39/6/Add.1 and PBC.39/CRP.8;

(h) Requests the Director General to:

(i) Report on the state of financing and implementation of the Programme and Budgets, 2024–2025 to the Programme and Budget

Committee, the Industrial Development Board, and the General Conference of UNIDO;

(ii) 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;

(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."

III. Budget implementation flexibility (item 10)

12. The Committee also considered item 10: Budget implementation flexibility.

13. The Committee had before it a proposal of the Director General on budget implementation flexibility for biennium 2024–2025 ([PBC.39/9](#)).

14. The Committee considered a draft conclusion submitted by the Chair ([PBC.39/L.8](#)) and adopted the following conclusion:

[Conclusion 2023/8]

The Programme and Budget Committee recommended to the fifty-first session of the Industrial Development Board to discuss the issue of budget implementation flexibility. In this regard, the Committee requested the Secretariat to provide more information to the Member States, particularly with regard to its legal framework, transparency and monitoring and reporting mechanism.

IV. Adoption of the report (item 19)

15. Under item 19, the Committee considered the draft report ([PBC.39/L.1/Add.1](#)) and adopted it as a whole with the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

V. Closure of the thirty-ninth session

16. The Committee closed its thirty-ninth session on 23 May 2023 at 10.45 a.m.

Annex

List of documents submitted to the Committee on its resumed thirty-ninth session on 23 May 2023

	Agenda item	Symbol	Title
7	Programme and budgets, 2024–2025	IDB.51/6 PBC.39/6	Programme and budgets 2024–2025. Proposals by the Director General (reissued on 31 March 2023)
		IDB.51/6/Add.1 PBC.39/6/Add.1	Programme and budgets 2024–2025. Adjustments to the proposals of the Director General
		PBC.39/CRP.8	Introduction of the UNIDO Innovation and Transformation Fund. Note by the Secretariat
		PBC.39/CRP.9	The UNIDO Programme and Budgets, 2024–2025: from a programmatic approach to results-based budgeting: additional information. Note by the Secretariat
10	Budget implementation flexibility	IDB.51/9 PBC.39/9	Budget implementation flexibility for biennium 2024–2025. Note by the Secretariat