



## **Industrial Development Board**

### **Fifty-first session**

Vienna, 3–6 July 2023

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)**

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## Introduction

1. The Programme and Budget Committee held its thirty-ninth session at UNIDO Headquarters, Vienna International Centre, from 15 to 17 May 2023. 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.

2. 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.

3. The following United Nations bodies were represented:

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

4. 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).

5. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation H.E. Mr. Aftab Ahmad Khoker (Pakistan) as Chairperson; Ms. María Elizabeth Bogosián Álvarez (Uruguay) and Mr. Henryk Czubek (Poland) as Vice-Chairs; and Mr. Khaled Ali Mohamed Elmenshawy (Egypt) as Rapporteur.

6. The agenda for the thirty-ninth session as adopted by the Committee is contained in document [PBC.39/1/Rev.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 calls for action by the Board at its fifty-first session are of relevance to the work of that session:

Conclusion	Subject	Page
2023/2	Financial situation of UNIDO, including unutilized balances of appropriations	4
2023/3	Scale of assessments for apportionment of the regular budget expenses for the biennium 2024–2025	6
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## I. Organizational and procedural matters

10. On 15 May, the Committee considered a proposal by the Chair to optimize the utilization of available conference-servicing resources and adopted the following conclusions:

### Conclusion 2023/1 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-ninth 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-Chairs Ms. María Elizabeth Bogosián Álvarez (Uruguay) and Mr. Henryk Czubek (Poland) to chair those consultations.

## II. Annual Report of the Director General for 2022 (item 3)

12. On 15 May, the Committee considered the *Annual Report of UNIDO 2022* ([PBC.39/2](#)).

13. On 17 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 3.

## III. Report of the External Auditor for 2022 (item 4)

14. On 15 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 2022 ([PBC.39/3](#) and [CRP.2](#)) and a note by the Independent Oversight Advisory Committee providing comments on the report of the External Auditor ([PBC.39/CRP.3](#)).

15. On 17 May, at the suggestion of the Chair, the Committee took note of the information provided on item 4.

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

16. On 15 May, the Committee considered the report of the Co-chairs of the informal working group on Programme and Budget Committee-related issues (PBC.39/5) and its update (PBC.39/CRP.5).

17. On 17 May, at the suggestion of the Chair, the Committee took note of the information provided by the Co-chairs on item 6.

#### V. Financial situation of UNIDO (item 5); Programme and budgets, 2024–2025 (item 7); Scale of assessments for apportionment of the regular budget expenses for the biennium 2024–2025 (item 8); Working Capital Fund for the biennium 2024–2025 (item 9); Budget implementation flexibility (item 10)

18. The Committee decided to discuss simultaneously items 5, 7, 8, 9 and 10.

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

19. On 16 May, the Committee considered a report by the Director General on the financial situation of UNIDO (PBC.39/4) and a note by the Secretariat on the status of assessed contributions (PBC.39/CRP.4).

20. On 17 May, after consideration of a draft conclusion on the financial situation of UNIDO, submitted by the Chairperson (PBC.39/L.2), the Committee adopted the following conclusion:

##### [Conclusion 2023/2]

The Programme and Budget Committee:

- (a) Took note of the information contained in document PBC.39/4;
- (b) 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.39/4;
- (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 accord priority and intensify his efforts and contacts with Member States and former Member States to effect the collection of arrears and to report on this matter to the fifty-second session of the Industrial Development Board;
- (d) Encourages Member States to present at the first available session of the informal working group on Programme and Budget-related issues, coherent and operational proposals to promote a discussion on the possible adoption by UNIDO of different project support costs from parties that contribute to the regular budget and parties that do not contribute to the regular budget, aiming at strengthening the financial situation of UNIDO and, at the same time, preserving its competitiveness, and for the working group to report to the Programme and Budget Committee at its fortieth session, under the dedicated agenda item “Report of the informal working group on Programme and Budget Committee-related issues”.

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

21. On 16 May, the Committee considered the proposals of the Director General for the programme and budgets, 2024–2025 (PBC.39/6 and 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).

22. As the session was adjourned in accordance with rule 7 of the rules of procedures of the Committee prior to a consensus being reached on this item, consideration of this item will be resumed upon the resumption of the session.

## C. Scale of assessments for apportionment of the regular budget expenses for the biennium 2024–2025 (item 8)

23. On 16 May, the Committee considered a note by the Secretariat on the scale of assessments for the fiscal period 2024–2025 (PBC.39/7/Rev.1).

24. On 17 May, after consideration of a draft conclusion on the scale of assessments, 2024–2025, submitted by the Chairperson (PBC.39/L.3), the Committee adopted the following conclusion:

### [Conclusion 2023/3]

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

“(a) Takes note of document IDB.51/7/Rev.1;

(b) Recommends to the General Conference the establishment, in accordance with Article 15.2 of the Constitution of UNIDO, of a scale of assessments for the fiscal period 2024–2025 based on the United Nations General Assembly resolution 76/238, 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) Recommends to the General Conference, based on the provisions of Article 15.2 of the Constitution of UNIDO, that future scales of assessments shall be drafted and calculated using the same minimum rates and the same maximum rates as approved by the United Nations General Assembly at its most recent session, all rates being adjusted to take into account the difference in membership between the two organizations in order to derive a UNIDO scale of 100 per cent;

(d) Urges Member States to pay their assessed contributions for the 2024–2025 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;

(e) 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 2024–2025 (item 9)

25. On 16 May, the Committee considered the proposals of the Director General for the Working Capital Fund for the biennium 2024–2025 (PBC.39/8).

26. On 17 May, after consideration of a draft conclusion on the Working Capital Fund, 2024–2025, submitted by the Chairperson (PBC.39/L.4), the Committee adopted the following conclusion:

### [Conclusion 2023/4]

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.51/8;

(b) Recommends to the Industrial Development Board that the level of the Working Capital Fund for the biennium 2024–2025 should remain at €7,423,030 and that the authorized purposes of the Fund for the biennium 2024–2025 should remain the same as for the biennium 2022–2023, 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.”

## E. Budget implementation flexibility (item 10)

27. On 16 May, the Committee considered the proposal of the Director General for Budget implementation flexibility (PBC.39/9).

28. On 17 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 10.

## VI. Medium-term programme framework, 2022–2025 (item 11)

29. On 16 May, the Committee considered a midterm update by the Director General on the medium-term programme framework, 2022–2025 (PBC.39/10).

30. On 17 May, at the suggestion of the Chair, the Committee took note of the proposals provided by the Director General on item 11.

## VII. Mobilization of financial resources (item 12)

31. On 16 May, the Committee considered a note by the Secretariat on projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2022 (PBC.39/CRP.6).

32. On 17 May, after consideration of a draft conclusion on the mobilization of financial resources, submitted by the Chairperson (PBC.39/L.5), the Committee adopted the following conclusion:

### [Conclusion 2023/5]

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

“The Industrial Development Board requests the Director General to prepare, in consultation with Member States, draft strategic guidelines on partnerships and

resource mobilization and to present these to the fifty-second session of the Industrial Development Board.”

## VIII. General risk management (item 13)

33. On 16 May, the Committee considered a report by the Director General on the general risk management ([PBC.39/12](#)).

34. On 17 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 13.

## IX. Medium-term investment proposals (item 15)

35. On 17 May, the Committee considered a report by the Director General on the medium-term investment proposals, 2024–2025 ([PBC.39/14](#)).

36. On 17 May, at the suggestion of the Chairperson, the Committee took note of the information provided by the Director General on item 15.

## X. Appointment of an External Auditor (item 14)

37. On 17 May, the Committee considered a report by the Director General on the appointment of an External Auditor ([PBC.39/13](#)) and a note by the secretariat on the candidates for the appointment of an External Auditor ([PBC.39/CRP.7](#)).

38. On 17 May, at the suggestion of the Chairperson, the Committee took note of the information provided by the Director General on item 14.

## XI. Third Industrial Development Decade for Africa (item 16)

39. On 17 May, the Committee considered a report by the Director General on the Third Industrial Development Decade for Africa ([PBC.39/15](#)).

40. On 17 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 16.

## XII. United Nations development system reform (item 17)

41. On 17 May, the Committee considered a report by the Director General on the United Nations development system reform ([PBC.39/16](#)).

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

## XIII. Date of the fortieth session (item 18)

43. On 17 May, the Committee took note of the entry contained in the annotated agenda ([PBC.39/1/Add.1/Rev.1](#)) on the dates reserved for the policymaking organs of UNIDO in 2023 and 2024.

44. On 17 May, after consideration of a draft conclusion on the date of the fortieth session, submitted by the Chair ([PBC.39/L.6](#)), the Committee adopted the following conclusion:

### [Conclusion 2023/6]

The Programme and Budget Committee decided to hold its fortieth session on 10 and 11 June 2024.

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

45. On 17 May, the Committee adopted the draft report on the work of its thirty-ninth session ([PBC.39/L.1](#)) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

46. In accordance with rule 7 of the rules of procedures of the Committee, the Chairs adjourned the thirty-ninth session of the Committee. It will be resumed for the purpose of deciding on the programme and budgets, 2024–2025. The resumed session will be convened on 23 May 2023.



## Annex

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

	<b>Agenda item</b>	<b>Symbol</b>	<b>Title</b>
1	Election of officers	<a href="#">PBC.39/11</a> <a href="#">IDB.51/11</a>	Lists of States included in Annex I to the Constitution. Note by the Secretariat
2	Adoption of the agenda	<a href="#">PBC.39/1/Rev.1</a> <a href="#">PBC.39/1/Add.1/Rev.1</a> <a href="#">PBC.39/CRP.1</a>	Provisional agenda Annotated provisional agenda List of documents
3	Annual Report of the Director General for 2022	<a href="#">PBC.39/2</a> <a href="#">IDB.51/2</a> <a href="#">PBC.39/2/Appendices</a> <a href="#">IDB.51/2/Appendices</a>	Annual Report of UNIDO 2022 Appendices to the Annual Report of UNIDO 2022
4	Report of the External Auditor for 2022	<a href="#">PBC.39/3</a> <a href="#">IDB.51/3</a>  <a href="#">PBC.39/CRP.2</a>  <a href="#">PBC.39/CRP.3</a>	Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial year 1 January to 31 December 2022 Annexes to the report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2022 (unaudited). 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.39/4</a> <a href="#">IDB.51/4</a>  <a href="#">PBC.39/CRP.4</a>	Financial situation of UNIDO. Report by the Director General 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.39/5</a> <a href="#">IDB.51/5</a>  <a href="#">PBC.39/CRP.5</a>	Report of the informal working group on Programme and Budget Committee-related issues. Report by the Co-Chairs Update on the report by the informal working group on Programme and Budget Committee-related issues. Report by the Co-Chairs
7	Programme and budgets, 2024–2025	<a href="#">PBC.39/6</a> <a href="#">IDB.51/6</a>  <a href="#">PBC.39/CRP.8</a>  <a href="#">PBC.39/CRP.9</a>	Programme and budgets 2024–2025. Proposals by the Director General (reissued on 31 March 2023) Introduction of the UNIDO Innovation and Transformation Fund. Note by the Secretariat The UNIDO Programme and Budgets, 2024–2025: from a programmatic approach to results-based budgeting: additional information. Note by the Secretariat
8	Scale of assessments for apportionment of the regular budget expenses for the biennium 2024–2025	<a href="#">PBC.39/7/Rev.1</a> <a href="#">IDB.51/7/Rev.1</a>	Scale of assessments for the fiscal period 2024–2025. Note by the Secretariat

	<b>Agenda item</b>	<b>Symbol</b>	<b>Title</b>
9	Working Capital Fund for the biennium 2024–2025	<a href="#">PBC.39/8</a> <a href="#">IDB.51/8</a>	Working Capital Fund for the biennium 2024–2025. Proposals by the Director General
10	Budget implementation flexibility	<a href="#">PBC.39/9</a> <a href="#">IDB.51/9</a>	Budget implementation flexibility for biennium 2024–2025. Note by the Secretariat
11	Medium-term programme framework, 2022–2025	<a href="#">PBC.39/10</a> <a href="#">IDB.51/10</a>	Medium-term programme framework 2022–2025 midterm update. Report by the Director General
12	Mobilization of financial resources	<a href="#">PBC.39/2</a> , chapter 5 <a href="#">IDB.51/2</a> , chapter 5  <a href="#">PBC.39/CRP.6</a>	Funding performance. Annual Report of UNIDO 2022  Projects approved under the Industrial Development Fund, thematic and individual trust funds, and other voluntary contributions in 2022
13	General risk management	<a href="#">PBC.39/12</a> <a href="#">IDB.51/12</a>	General Risk Management. Report by the Director General
14	Appointment of the External Auditor	<a href="#">PBC.39/13</a> <a href="#">IDB.51/13</a>  <a href="#">PBC.39/CRP.7</a>	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
15	Medium-term investment proposals, 2024–2025	<a href="#">PBC.39/14</a> <a href="#">IDB.51/14</a>	Medium-term investment proposals, 2024–2025, Report by the Director General
16	Third Industrial Development Decade for Africa (IDDA III)	<a href="#">PBC.39/15</a> <a href="#">IDB.51/15</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.39/16</a> <a href="#">IDB.51/16</a>	United Nations development system reform. Report by the Director General
18	Date of the fortieth session	<a href="#">PBC.39/1/Add.1/Rev.1</a>	Annotated provisional agenda
19	Adoption of the report	-	-