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**Programme and Budget Committee****Fortieth session**

Vienna, 10–11 June 2024

Item 2 of the provisional agenda

**Adoption of the agenda****Annotated provisional agenda****Opening of the session**

The fortieth session of the Programme and Budget Committee will be opened by His Excellency Mr. Aftab Ahmad Khokher (Pakistan), in his capacity as Chairperson of the thirty-ninth session.

**Item 1. Election of officers**

In accordance with rule 17.1, each year, at the commencement of its regular session, the Committee shall elect from among the representatives of its members a Chairperson and three Vice-Chairpersons, and from among the delegations of its members a Rapporteur. Rule 17.3 stipulates that the offices of the Chairperson, the three Vice-Chairpersons and the Rapporteur shall be subject to equitable geographical rotation within a five-year cycle in accordance with appendix A to the rules of procedure. According to that appendix, the Chairperson of the fortieth session should be elected from members of the Committee from States in List D, and the three Vice-Chairpersons from List C, African States in List A and Asian States in List A. The Rapporteur should be elected from members of the Committee from among States in List B.

**Item 2. Adoption of the agenda**

A provisional agenda for the fortieth session, prepared by the Director General in consultation with the Chairperson of the Committee, in accordance with rules 8 and 9 of the rules of procedure, is submitted to the Committee for adoption in document PBC.40/1 as stipulated in rule 12.

The Committee will have before it:

- Provisional agenda (PBC.40/1)
- Annotated provisional agenda (PBC.40/1/Add.1)
- List of documents (PBC.40/CRP.1)

**Item 3. Annual Report of the Director General for 2023**

In accordance with Article 11.6 of the Constitution, the Director General is to prepare an annual report on the activities of the Organization. In its



resolution GC.4/Res.2, the General Conference requested the Director General to fully incorporate in future annual reports the programme performance report according to Industrial Development Board decision [IDB.7/Dec.11](#). At the request of the Board through decision [IDB.23/Dec.12](#), annual reports include information on operational activities for developments arising from relevant United Nations General Assembly resolutions, including the quadrennial comprehensive policy review in accordance with United Nations General Assembly resolution [75/233](#) of 21 December 2020.

In compliance with Conference resolution GC.17/Res.1, paragraph (p), and Board decision [IDB.44/Dec.2](#), paragraph (c), the annual report also informs Member States of the implementation of the medium-term programme framework (MTPF) and of UNIDO's contribution to the realization of the 2030 Agenda for Sustainable Development and its Sustainable Development Goals. Pursuant to Board decision [IDB.44/Dec.2](#), paragraph (d), the *Annual Report of UNIDO 2023* will provide information in a concise manner, enriched with statistical data and results in accordance with the integrated results and performance framework (IRPF), to enhance UNIDO's performance accountability and visibility.

The *Annual Report of UNIDO 2023* reports on progress towards the achievement of the biennial targets at the aggregate level, and as contained in the programme and budgets 2022–2023. A detailed set of data and information related to these targets, including a comparison with the achievement in 2022, is available in Appendix M of the report. The *Annual Report of UNIDO 2023* acknowledges the limitations of some of the indicators in the IRPF, and the scope for further improvement in the quality assurance process to achieve better reporting accuracy. The lessons learned during the 2022–2023 biennium will be factored into the preparation of the MTPF 2026–2029.

In line with decision [IDB.46/Dec.13](#), paragraph (i), Member States will be updated on the progress made in the implementation of the Third Industrial Development Decade for Africa (IDDA III).

Article 9.4 (d) of the Constitution stipulates that the Board shall request members to furnish information on their activities related to the work of the Organization. In decision [IDB.1/Dec.29](#), Member States were requested to inform the Board of their activities related to the work of the Organization when reviewing the annual report. Due to the reduction of the number of sessions of the Board in non-General Conference years (decision [IDB.39/Dec.7\(f\)](#)) and following the practice established in 2013, the annual report will be presented through the Programme and Budget Committee to the Board.

Member States may therefore wish to include information on their activities as they relate to the work of UNIDO in the statements delivered by their representatives to the Committee under this item.

The Committee will have before it:

- *Annual Report of UNIDO 2023* ([PBC.40/2-IDB.52/2](#))
- Appendices to the *Annual Report of UNIDO 2023* ([PBC.40/2/Appendices-IDB.52/2/Appendices](#))

**(a) Managing for results: Update on the implementation of the medium-term programme framework, 2022–2025**

In paragraphs (e) and (f) of decision GC.15/Dec.17, the Conference requested an MTPF for four years. The Board, through decision [IDB.44/Dec.10](#), requested an updated MTPF for the period 2018–2021 ([IDB.45/8](#), [Add.1](#) and [Add.2](#)), including the IRPF with baseline and target values.

In line with the four-year horizon established by [IDB.44/Dec.10](#), a proposal by the Director General for the medium-term programme framework 2022–2025 ([IDB.49/8](#)) was submitted to the thirty-seventh session of the Programme and Budget Committee and the forty-ninth session of the Industrial Development Board.

The implementation of the IRPF saw major advancements driven by the MTPF 2018–2021 and is fully consolidated and mainstreamed in the MTPF 2022–2025. Transition towards greater maturity of results-based management continued to include fine-tuning of guidance, tools, templates and capacity-building initiatives, as well as a revision of the monitoring mechanism to ensure greater data quality.

With the MTPF 2022–2025, the application and use of the IRPF for decision-making is fully realized at the highest level of organizational official strategic planning processes, including in the programme and budgets, 2022–2023. The IRPF continues to provide the metrics for the results-based programme and budgets, 2024–2025 ([IDB.51/6-PBC.39/6](#), [Add.1](#)) and related reporting.

An update on the implementation of the MTPF as it relates to managing for results will be presented to the Committee.

The Committee will have before it:

- Managing for Results: Update on the implementation of the medium-term programme framework, 2022–2025. Report by the Director General ([PBC.40/3-IDB.52/3](#))

#### **Item 4. Report of the External Auditor for 2023**

Financial regulations 11.9 and 11.10 stipulate that the reports of the External Auditor, together with the audited financial statements, shall be completed not later than 20 April and shall be transmitted through the Committee to the Board in accordance with directions given by the Conference. The Committee shall examine the financial statements and the audit reports and submit recommendations to the Board, which shall forward them to the Conference with such comments as it deems appropriate.

In its conclusion 1987/19, paragraph (j), the Committee requested the Director General to submit each year to the Board through the Committee a clear and detailed financial performance report itemizing the utilization of financial resources. Starting in 2011, the financial performance report, i.e. the financial statements compliant with International Public Sector Accounting Standards (IPSAS), has been included in the External Auditor's report.

The report of the External Auditor will also include information on the implementation of recommendations included in the report of the External Auditor for 2022 ([PBC.39/3-IDB.51/3](#)).

The Independent Oversight Advisory Committee, in line with its terms of reference (Board decision [IDB.48/Dec.5](#), annex, paragraph 2 (f)), will provide its comments on the report of the External Auditor to this session.

The Committee will have before it:

- Report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2023 ([PBC.40/4-IDB.52/4](#))
- Annexes to the report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2023 (unaudited) (PBC.40/CRP.2)
- Comments on the Report of the External Auditor. Note by the UNIDO Independent Oversight Advisory Committee (PBC.40/CRP.3)

#### **Item 5. Financial situation of UNIDO, including unutilized balances of appropriations**

The report by the Director General to the General Conference at its twentieth session (GC.20/5) covered a wide range of issues within the context of the financial situation of UNIDO. That information will be updated in a document submitted to the present session.

Through decision GC.20/Dec.15, paragraph (h), the Conference requested the Director General to 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. The Conference further requested the Director General to 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.

The Committee will thus have before it:

- Financial situation of UNIDO. Report by the Director General ([PBC.40/5-IDB.52/5](#))
- Status of assessed contributions. Note by the Secretariat (PBC.40/CRP.4)

#### **Item 6. Budget implementation flexibility**

The twentieth session of the General Conference, through the thirty-ninth session of the Committee and the fifty-first session of the Board, considered a proposal of the Director General on budget implementation flexibility for the biennium 2024–2025 ([IDB.51/9](#) and [IDB.51/CRP.10](#)).

Through decision GC.20/Dec.14, the Conference took an interim decision for the biennium 2024–2025, to allow the Director General, to increase expenditures on technical cooperation to promote inclusive and sustainable industrial development up to €60 million of the operational budget commensurate with the actual income received. The Director General shall inform in writing the General Conference through the Programme and Budget Committee and the Industrial Development Board, at the session following such action, of the details and reasons for these increased expenditures.

Through decision GC.20/Dec.14, the Conference further requested Member States to continue negotiating through the fortieth session of the Programme and Budget Committee and the fifty-second session of the Industrial Development Board on the interim decision, on a time-bound basis for the biennium 2024–2025, to allow the Director General to make, within the amounts approved by the General Conference for the regular budget, transfers between the major objects of expenditure within result areas up to 10 per cent of the initially appropriated regular budget amounts from which the transfers are made, and authorized the Industrial Development Board at its fifty-second session to decide on this matter for the biennium 2024–2025.

The Committee will thus have before it:

- Budget implementation flexibility. Note by the Secretariat ([PBC.40/6-IDB.52/6](#))

#### **Item 7. Report by the informal working group on Programme and Budget Committee-related issues**

Through decision [IDB.45/Dec.7](#), paragraph (d), the Board established an informal working group, without cost implications, to address Programme and Budget Committee-related issues of the Organization.

In its decision [IDB.46/Dec.8](#), paragraph (b), the Board extended the mandate of the informal working group until it is decided by the Board to conclude its deliberations, and requested its Co-Chairs to continue reporting annually to the Board through the Programme and Budget Committee.

In line with the Report of the Programme and Budget Committee on the work of the resumed thirty-ninth session, Member States have presented to the informal working group on Programme and Budget-related issues 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. The working group is to report to the Programme and Budget Committee at its fortieth session on this matter ([IDB.51/Dec.2](#)).

Furthermore, the General Conference, through decision GC.20/Dec.15, encouraged 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.

The Committee will therefore have before it:

- Report by the informal working group on Programme and Budget Committee-related issues. Report by the Co-Chairs ([PBC.40/7-IDB.52/7](#))
- Update on the report by the informal working group on Programme and Budget Committee-related issues. Report by the Co-Chairs ([PBC.40/CRP.5](#))

#### **Item 8. Mobilization of financial resources**

At its twenty-fifth session, the Board adopted decision [IDB.25/Dec.5](#) on funds mobilization for integrated programmes. In paragraph (i), the Board, inter alia, requested the Director General to maintain a continuous dialogue with Member States to actively sustain the common resource mobilization efforts. A progress report will be submitted to the Board through the Committee, which will report on the various thematic trust funds. This report should be considered in conjunction with the *Annual Report of UNIDO 2023*, which provides information on mobilization of financial resources for that year.

The Committee will have before it:

- Mobilization of financial resources. Report by the Director General ([PBC.40/8-IDB.52/8](#))
- Funding performance. *Annual Report of UNIDO 2023* ([PBC.40/2-IDB.52/2](#), chapter 6)
- Projects approved under the Industrial Development Fund, thematic and individual trust funds, and other voluntary contributions in 2023 ([PBC.40/CRP.6](#))

#### **Item 9. General risk management**

At its thirty-second session, the Committee invited the Director General to report to the next sessions of the Industrial Development Board and the Programme and Budget Committee on UNIDO's general risk management strategy and suggest comprehensive measures for addressing the financial and administrative impact of Member States leaving the Organization including with a view to reversing the trend of withdrawal (conclusion 2016/8). Accordingly, a report will be presented in line with this conclusion and further to the last report on risk management ([IDB.51/12-PBC.39/12](#)).

The Committee will thus have before it:

- General risk management. Report by the Director General ([PBC.40/9-IDB.52/9](#))

#### **Item 10. Updated medium-term investment proposals**

In line with paragraph (1) of decision [IDB.43/Dec.6](#), a medium-term investment plan should be updated annually. Proposals updating the medium-term investment plan presented in document [PBC.39/14-IDB.51/14](#) will therefore be presented to the Committee.

The Committee will thus have before it:

- Updated medium-term investment proposals, 2024–2025. Report by the Director General ([PBC.40/10-IDB.52/10](#))

#### **Item 11. Third Industrial Development Decade for Africa (IDDA III)**

United Nations General Assembly resolution [70/293](#) on the Third Industrial Development Decade for Africa, 2016–2025 (IDDA III) mandated UNIDO, as one of the lead Organizations, to develop, operationalize and spearhead the implementation of IDDA III as well as enhance technical assistance and efforts towards resource mobilization for African countries specifically for this purpose.

In its resolution GC.18/Res.6, the General Conference requested the Director General to report regularly to the policymaking organs on the tangible progress in terms of concrete project implementation and impact at national levels, as well as the feedback from development partners, with a view to sustaining momentum for resource mobilization and supporting data collection.

A report by the Director General was considered by the fifty-first session of the Industrial Development Board ([IDB.51/15](#)), building on the information contained in [IDB.50/10](#) and GC.19/9, and in conjunction with the information on IDDA III initiatives contained in the *Annual Report of UNIDO 2022* and the United Nations General Assembly's note by the Secretary-General on IDDA III ([A/77/271](#)).

The Committee will have before it:

- Report on the Third Industrial Development Decade for Africa (IDDA III). Report by the Director General ([PBC.40/11-IDB.52/11](#))

#### **Item 12. United Nations development system reform**

In June 2017, the Secretary-General launched his first report on repositioning the United Nations development system (UNDS), and a second report was issued in December 2017. On 31 May 2018, the General Assembly adopted resolution [72/279](#) on the repositioning of UNDS.

In its decision [IDB.46/Dec.12](#), the Board requested the Director General to regularly report on UNDS reform-related matters to the Programme and Budget Committee, the Industrial Development Board and the General Conference of UNIDO.

The Committee will have before it:

- United Nations development system reform. Report by the Director General ([PBC.40/12-IDB.52/12](#))

#### **Item 13. Date of the forty-first session**

The following dates have been reserved for the policymaking organs of UNIDO in 2024 and 2025:

25–27 November 2024 Vienna	Industrial Development Board, fifty-second session
13–15 May 2025 ( <i>tentative</i> ) Vienna	Programme and Budget Committee, forty-first session
30 June–2 July 2025 ( <i>tentative</i> ) Vienna	Industrial Development Board, fifty-third session
23–27 November 2025 Riyadh	General Conference, twenty-first session

#### **Item 14. Adoption of the report**