



Industrial Development Board

Fifty-third session

Vienna, 30 June–3 July 2025

Agenda item 4

Report of the Programme and Budget Committee

Report of the Programme and Budget Committee on the work of its forty-first session (13–15 May 2025)

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For reasons of sustainability, this document has not been printed. Delegates are kindly requested to refer to electronic versions of all documents.



Introduction

1. The Programme and Budget Committee held its forty-first session at UNIDO headquarters, Vienna International Centre, from 13 to 15 May 2025. All 27 members of the Committee participated in the session: Algeria, Austria, Brazil, China, Egypt, Finland, Germany, Ghana, Hungary, India, Indonesia, Iran (Islamic Republic of), Italy, Japan, Kenya, Malta, Mexico, Morocco, Pakistan, Peru, Poland, Russian Federation, South Africa, Spain, Switzerland, Türkiye and Uruguay.
2. The following 67 Members of UNIDO also attended the session: Afghanistan, Albania, Angola, Argentina, Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Burkina Faso, Chile, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Czechia, Democratic People's Republic of Korea, Dominican Republic, Ecuador, El Salvador, Eswatini, Guatemala, Honduras, Iraq, Israel, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Libya, Luxembourg, Malaysia, Montenegro, Myanmar, Namibia, Netherlands (Kingdom of the), Norway, Oman, Panama, Paraguay, Philippines, Qatar, Republic of Korea, Republic of Moldova, Romania, Saudi Arabia, Serbia, Slovenia, Sri Lanka, State of Palestine, Sudan, Sweden, Syrian Arab Republic, Tajikistan, Thailand, Tunisia, Turkmenistan, Uganda, Ukraine, United Arab Emirates, United Republic of Tanzania, Venezuela (Bolivarian Republic of), Viet Nam, Yemen and Zambia.
3. The following organizations were represented: Asian Forest Cooperation Organization (AFCO), Asian-African Legal Consultative Organization (AALCO), European Union (EU), GCC Standardization Organization (GSO), League of Arab States (LAS) and West African Health Organization (WAHO).
4. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation Mr. Jorge Luis Hidalgo Castellanos (Mexico) as Chair; Mr. Hubert Mükusch (Germany) and Ms. Dóra Kaszás (Hungary) as Vice-Chairs; and Ms. Nidhi Dhiman (India) as Rapporteur.
5. The agenda for the forty-first session as adopted by the Committee is contained in document [PBC.41/1](#). Following the adoption of the agenda and the approval of the schedule of work as considered by the Enlarged Bureau, 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 fifty-third session or are of relevance to the work of that session:

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I. Organizational and procedural matters

9. On 13 May, 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 2025/1 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 forty-first 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. Hubert Mükusch (Germany) and Ms. Dóra Kaszás (Hungary) to chair those consultations. The Committee furthermore set the deadline for the receipt of draft conclusions at 5.15 p.m. on 13 May 2025, and decided to close the list of speakers at 3.30 p.m. on 14 May 2025.

II. Annual Report of the Director General for 2024 (item 3)

11. On 13 May, the Committee considered the *Annual Report of UNIDO 2024* and its appendices ([PBC.41/2](#) and [PBC.41/2/Add.1](#)). Statements were delivered under this item.

12. On 15 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 2024 (item 4)

13. On 13 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 2024 ([PBC.41/3](#)); a document prepared 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 2024 (unaudited) ([PBC.41/CRP.2](#)); and a note by the Independent Oversight Advisory Committee providing comments on the report of the External Auditor ([PBC.41/CRP.3](#)). Statements were delivered under this item.

14. On 15 May, after consideration of a draft conclusion on the report of the External Auditor for 2024, submitted by the Chair ([PBC.41/L.7](#)), the Committee adopted the following conclusion:¹

Conclusion 2025/2

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 report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2024, as contained in document [IDB.53/3-PBC.41/3](#), and the Annual Report of UNIDO 2024, as contained in document [IDB.53/2-PBC.41/2](#);

¹ The Chair clarified his position on this matter.

(b) Also takes note of the statements of the Director General and the External Auditor made at the forty-first session of the Programme and Budget Committee;

(c) Expresses its gratitude to the External Auditor for the valuable services rendered by him and for his findings and recommendations;

(d) Recognizes the important contribution the External Auditor makes to the improvement of UNIDO's governance structure, management, operations and performance, through his recommendations, including those in his recent report [IDB.53/3-PBC.41/3](#);

(e) Takes note of the efforts by the Director General to implement recommendations of prior years as outlined in document [IDB.53/3-PBC.41/3](#);

(f) Endorses the recommendations of the External Auditor and requests the Director General to continue implementing the recommendations, including those of prior years, and to report thereon to the Industrial Development Board at its fifty-fourth session."

IV. Financial situation of UNIDO, including unutilized balances of appropriations (item 5); Programme and budgets, 2026–2027 (item 7); Scale of assessments for appropriation of the regular budget expenses for the biennium 2026–2027 (item 8); Working Capital Fund for the biennium 2026–2027 (item 9); and Budget implementation flexibility (vertical and horizontal) (item 10)

15. The Committee decided to discuss simultaneously items 5, 7, 8, 9 and 10. Statements were delivered under this group of items.

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

16. On 14 May, the Committee considered a report by the Director General on the financial situation of UNIDO ([PBC.41/4](#)) and a note by the Secretariat on the status of assessed contributions ([PBC.41/CRP.4](#)).

17. On 15 May, after consideration of a draft conclusion on the financial situation of UNIDO, submitted by the Chair ([PBC.41/L.6](#)), the Committee adopted the following conclusion:

Conclusion 2025/3

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 [PBC.41/4](#);

(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) Encourages Member States in condition to do so to increase their voluntary contributions and to voluntarily relinquish their unutilized balances of appropriations in favour of the Innovation and Transformation Fund in order to allow the Secretariat to implement the structural increases identified in document [IDB.53/6-PBC.41/6](#);

(d) Requests the Director General to continue to accord priority to his efforts and contacts with Member States and former Member States to effect the collection of arrears.”

B. Programme and budgets, 2026–2027 (item 7)

18. On 14 May, the Committee considered the proposals by the Director General for the programme and budgets 2026–2027 ([PBC.41/6](#)).

19. On 15 May, after consideration of a draft conclusion on the programme and budgets, 2026–2027, submitted by the Chair ([PBC.41/L.5](#)), the Committee adopted the following conclusion:²

Conclusion 2025/4

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 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”, and that the presentation of the programme and budgets has been revised to take into account further guidance from the Member States and the External Auditor ([IDB.51/3-PBC.39/3](#)), with the objective of achieving increased transparency in the preparation, implementation and reporting on UNIDO’s programme of work;

(b) Adopts for submission to the General Conference for consideration and approval, the programme and budgets for the biennium 2026–2027, as proposed by the Director General in document [IDB.53/6-PBC.41/6](#);

(c) Recommends to the General Conference the approval of estimates of regular budget gross expenditures of €170,432,554 to be financed from assessed contributions in the amount of €164,497,928 and other income of €5,934,626;

(d) 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 €63,518,853 for the purpose of the operational budget for the biennium 2026–2027, to be financed from the reimbursement of support costs pertaining to technical cooperation and other services in the amount of €58,203,366 and other income amounting to €5,315,487 as may be provided for in the financial regulations;

(e) Requests the Director General to:

(i) Report on the state of financing and implementation of the programme and budgets, 2026–2027 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;

[(f) Notes that the Special Resources for Africa together with voluntary contributions will be used to foster industrialization in Africa and implement the

² The delegation of Peru clarified its position on this matter.

leading role assigned to UNIDO in United Nations General Assembly resolution [...] on the Fourth Industrial Development Decade for Africa.]”

C. Scale of assessments for appropriation of the regular budget expenses for the biennium 2026–2027 (item 8)

20. On 14 May, the Committee considered a note by the Secretariat on the scale of assessments for the fiscal period 2026–2027 ([PBC.41/7](#)).

21. On 15 May, after consideration of a draft conclusion on the scale of assessments for appropriation of the regular budget expenses for the biennium 2026–2027, submitted by the Chair ([PBC.41/L.8](#)), the Committee adopted the following conclusion:

Conclusion 2025/5

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.53/7-PBC.41/7](#);

(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 2026–2027 based on the United Nations General Assembly resolution [79/249](#), 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 established 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 2026–2027 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 2026–2027 (item 9)

22. On 14 May, the Committee considered the proposals by the Director General for the Working Capital Fund for the biennium 2026–2027 ([PBC.41/8](#)).

23. On 15 May, after consideration of a draft conclusion on the Working Capital Fund for the biennium 2026–2027, submitted by the Chair (PBC.41/L.2), the Committee adopted the following conclusion:

Conclusion 2025/6

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

“The Industrial Development Board:

(a) Takes note of document IDB.53/8-PBC.41/8;

(b) Recommends to the General Conference that the level of the Working Capital Fund for the biennium 2026–2027 should remain at €7,423,030 and that the authorized purposes of the Fund for the biennium 2026–2027 should remain the same as for the biennium 2024–2025, 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 (vertical and horizontal)
(item 10)**

24. On 14 May, the Committee considered a report by the Director General on budget implementation flexibility (PBC.41/9/Rev.1).

25. On 15 May, after consideration of a draft conclusion on budget implementation flexibility (vertical and horizontal), submitted by the Chair (PBC.41/L.4), the Committee adopted the following conclusion:

Conclusion 2025/7

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

“The Industrial Development Board:

(a) Takes note of document IDB.53/9/Rev.1-PBC.41/9/Rev.1;

(b) Recommended to the General Conference as an interim decision for the 2026–2027 and 2028–2029 bienniums, to allow the Director General to increase expenditure on technical cooperation to promote inclusive and sustainable industrial development up to 27 per cent per biennium of the operational budget commensurate with the actual income received;

(c) Recommends to the General Conference as an interim decision for the period 2025–2027 to allow the Director General, within the amounts approved by the General Conference for the regular budget, to make 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;

(d) 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 any of the actions outlined in paragraphs (b) and (c), of the reasons and details thereof.”

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

26. On 14 May, 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.41/5 and PBC.41/CRP.5). Statements were delivered under this item.

27. On 15 May, at the suggestion of the Chair, the Committee took note of the information provided by the Co-Chairs on item 6.

VI. Medium-term programme framework, 2026–2029 (item 11)

28. On 14 May, the Committee considered the proposal by the Director General for the medium-term programme framework 2026–2029 (PBC.41/10) and a note by the Secretariat presenting the results of the Member States survey on the same topic (PBC.41/CRP.8). Statements were delivered under this item.

29. On 15 May, at the suggestion of the Chair, the Committee took note of the information provided on item 11.

VII. Mobilization of financial resources (item 12)

30. On 14 May, the Committee considered a section on funding and financial contributions in chapter 6 of the *Annual Report of UNIDO 2024* (PBC.41/2) and a note by the Secretariat on projects approved under the Industrial Development Fund, thematic and individual trust funds, and other voluntary contributions in 2024 (PBC.41/CRP.6). A statement was delivered under this item.

31. On 15 May, at the suggestion of the Chair, the Committee took note of the information provided on item 12.

VIII. General risk management (item 13)

32. On 14 May, the Committee considered a report by the Director General on general risk management (PBC.41/11).

33. On 15 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 13.

IX. Appointment of the External Auditor (item 14)

34. On 14 May, the Committee considered a report by the Director General on the candidates for the appointment of an External Auditor (PBC.41/12) and a note by the Secretariat on the same topic (PBC.41/CRP.7). Statements were delivered under this item.

35. On 15 May, at the suggestion of the Chair, the Committee took note of the information provided on item 14.

X. Updated medium-term investment proposals (item 15)

36. On 14 May, the Committee considered a report by the Director General on the medium-term investment proposals, 2025–2026 (PBC.41/13).

37. On 15 May, at the suggestion of the Chair, the Committee took note of the information provided by the Director General on item 15.

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

38. On 14 May, the Committee considered a report by the Director General on the Third Industrial Development Decade for Africa (IDDA III) ([PBC.41/14](#)). Statements were delivered under this item.

39. On 15 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)

40. On 14 May, the Committee considered a report by the Director General on the United Nations development system reform ([PBC.41/15](#)). Statements were delivered under this item.

41. On 15 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 forty-second session (item 18)

42. On 14 May, the Committee took note of the entry contained in the annotated agenda ([PBC.41/1/Add.1](#)) on the dates reserved for the policymaking organs of UNIDO in 2025 and 2026.

43. On 15 May, after consideration of a draft conclusion on the date of the forty-second session, submitted by the Chair ([PBC.41/L.3](#)), the Committee adopted the following conclusion:

Conclusion 2025/8

The Programme and Budget Committee decided to hold its forty-second session on 22 and 23 June 2026.

XIV. Adoption of the report (item 19) and closure of the forty-first session

44. On 15 May, the Committee adopted the draft report on the work of its forty-first session ([PBC.41/L.1](#)) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

45. The Committee closed its forty-first session in the afternoon of 15 May 2025.

Annex

List of documents submitted to the forty-first session

<i>Agenda item</i>	<i>Symbol</i>	<i>Title</i>
1 Election of officers	-	-
2 Adoption of the agenda	PBC.41/1	Provisional agenda
	PBC.41/1/Add.1	Annotated provisional agenda
	PBC.41/CRP.1	List of documents
3 Annual Report of the Director General for 2024	PBC.41/2 IDB.53/2	<i>Annual Report of UNIDO 2024</i>
	PBC.41/2/Add.1 IDB.53/2/Add.1	Appendices to the <i>Annual Report of UNIDO 2024</i>
4 Report of the External Auditor for 2024	PBC.41/3 IDB.53/3	Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial year 1 January to 31 December 2024
	PBC.41/CRP.2	Annexes to the report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2024 (unaudited)
	PBC.41/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.41/4 IDB.53/4	Financial situation of UNIDO. Report by the Director General
	PBC.41/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.41/5 IDB.53/5	Report by the informal working group on Programme and Budget Committee-related issues. Report by the Co-Chairs
	PBC.41/CRP.5	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, 2026–2027	PBC.41/6 IDB.53/6	Programme and budgets 2026–2027. Proposals by the Director General
8 Scale of assessments for apportionment of the regular budget expenses for the biennium 2026–2027	PBC.41/7 IDB.53/7	Scale of assessments for the fiscal period 2026–2027. Note by the Secretariat
9 Working Capital Fund for the biennium 2026–2027	PBC.41/8 IDB.53/8	Working Capital Fund for the biennium 2026–2027. Proposals by the Director General
10 Budget implementation flexibility (vertical and horizontal)	PBC.41/9/Rev.1 IDB.53/9/Rev.1	Budget implementation flexibility. Report by the Director General
11 Medium-term programme framework, 2026–2029	PBC.41/10 IDB.53/10	Medium-term programme framework 2026–2029: Building future-ready industries for development. Proposal by the Director General
	PBC.41/CRP.8	Medium-term programme framework 2026–2029: Results of the Member States survey

<i>Agenda item</i>	<i>Symbol</i>	<i>Title</i>
12 Mobilization of financial resources	PBC.41/2 , chapter 6 IDB.53/2 , chapter 6 PBC.41/CRP.6	Funding performance. <i>Annual Report of UNIDO 2024</i> Projects approved under the Industrial Development Fund, thematic and individual trust funds, and other voluntary contributions in 2024
13 General risk management	PBC.41/11 IDB.53/11	General risk management. Report by the Director General
14 Appointment of the External Auditor	PBC.41/12 IDB.53/12 PBC.41/CRP.7	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 Updated medium-term investment proposals	PBC.41/13 IDB.53/13	Medium-term investment proposals, 2025–2026. Report by the Director General
16 Third Industrial Development Decade for Africa (IDDA III)	PBC.41/14 IDB.53/14	Report on the Third Industrial Development Decade for Africa (IDDA III). Report by the Director General
17 United Nations development system reform	PBC.41/15 IDB.53/15	United Nations development system reform. Report by the Director General
18 Date of the forty-second session	PBC.41/1/Add.1	Annotated provisional agenda
19 Adoption of the report	-	-