



## Executive Council

100th session  
Rovinj, Croatia, 27-29 May 2015  
Provisional agenda items 4, 6 and 7(b)

CE/100/4  
Madrid, 28 May 2015  
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### Report of the Programme and Budget Committee

#### I. Introduction

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1. The Programme and Budget Committee (PBC) held its sixth meeting in Rovinj, Croatia, on 26-27 May 2015, under the chairmanship of Argentina. A list of participants is annexed to this report.
2. The PBC members proceeded to consider the following documents, which will be submitted to the Executive Council at its 100th session (27-29 May 2015):

	<u>Documents</u>
Implementation of the general programme of work for the period 2014-2015	CE/100/3(d)
Financial situation of the Organization (including Addendum 1: IPSAS Progress Report)	CE/100/5(a) and CE/100/5(a) Add.1
UNWTO financial report and audited Financial Statements for the year ended 31 December 2014	CE/100/5(b)
Closing of the audited administrative accounts of the nineteenth financial period (2012-2013)	CE/100/5(c)
Application of Article 34 of the Statutes and paragraph 13 of the Financing Rules	CE/100/5(d)
Report of the Programme and Budget Committee Working Group assessing the implementations of recommendations provided by Joint Inspection Unit and the External Auditors	PBC/06/2 <sup>1</sup>
Draft programme of work and budget for 2016-2017	CE/100/7(a)

#### II. Implementation of the general programme of work for the period 2014-2015 (CE/100/3(d))

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3. The Executive Director for Programme and Coordination presented an update of the activities carried out by the Secretariat since the last PBC meeting (October 2014), based on the document of the Executive Council.

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<sup>1</sup> Not EC document



4. The PBC members took due note of the report and approved it.

### **III. Financial situation of the Organization (CE/100/5(a) and CE/100/5(a) Add.1)**

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5. The Committee took note of documents CE/100/5(a) and CE/100/5(a) Add.1 which provide information as of 31 March 2015. The Committee noted that, as of the end of March, the level of contributions collected for the current year had risen to EUR6,750,277.25.

6. This represents 52 per cent (two percentage points lower than last year's on the same date) of the total amount of contributions payable by Members in 2015 (EUR12,949,000) and 61% per cent of the estimated income from contributions (EUR11,127,000), and therefore income targets are expected to be met by year's end. After the addition of allocations from sundry income, publications and arrear contributions, the total budgetary income received amounts to EUR7,777,156.90 representing 59 per cent of the income estimates for the year (EUR13,170,000).

7. The Committee took note that arrears of Members' contributions collected as of 31 March 2015 were EUR483,879.65, i.e., 32 per cent of the forecast amount (EUR1,500,000).

8. The Committee also took note that the implemented expenditure amounted to EUR11,886,498.73 out of which EUR2,238,717.55 had already been disbursed, and that, furthermore, EUR9,647,781.18 were already committed until year's end, staff costs included.

9. The Committee noted that a new salary scale applicable to staff of the Professional and higher categories was adopted effective 1 January 2015, in accordance with the applicable provisions of the Staff Regulations and the Staff Rules. This scale represents no additional cost to the Organization because it is the result of adjusting upward by 1.01 per cent the base salary of this staff category while reducing by the same percentage the post adjustment, so that the overall remuneration (base salary plus post adjustment) remains unchanged.

10. The Committee took note of the adjustments made by the Secretary-General on the structure of programmes for 2015.

11. The Committee recommends that the Executive Council approve the investments to be financed from the Special Contingency Reserve, in accordance with the terms of reference provided for the renovation of the ninth floor meeting rooms, the updating of UNWTO's printing services and the development of a new UNWTO website.

12. IPSAS progress report: The Committee noted that UNWTO had completed the IPSAS implementation successfully and received an unqualified audit opinion for the 2014 Financial Statements and took note of the special recognition given by the External Auditors and the JIU to the work done in the IPSAS project. The Committee also appreciated the training session on IPSAS provided by the Secretariat and encouraged its members to familiarize themselves with these new standards.

13. The Committee encourages the Secretary-General to continue to advance in the IPSAS post-implementation phase project and continue reporting its progress to the EC and took note of the development of an ICS gap analysis, noting that effective implementation of an ICS will only be undertaken once financial means could be secured for such purpose.

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**IV. UNWTO financial report and audited Financial Statements for the year ended 31 December 2014 (CE/100/5(b))**

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14. The Committee took note of the opinion of the External Auditors that the UNWTO Financial Statements for the year ended 2014 present fairly the financial position of the UNWTO as at 31 December 2014 and the results of the operations for this period, in compliance with International Public Sector Accounting Standards (IPSAS).

15. The Committee took note that in the financial year 2014 the level of budgetary expenditure was maintained within the limit of approved appropriations and observed that the 2014 budgetary cash deficit temporarily had been covered through the Working Capital Fund.

16. The Committee also took note of the transfers of the appropriations between parts of the budget and between sections of the same part of the budget made by the Secretary-General at the close of the accounts for 2014 with the prior respective authorizations obtained in written form from the Members of the Executive Council and of the Programme and Budget Committee, in accordance with Financial Regulations 5.3(a) and 5.3(b) and Council decision 6(LIII) and Detailed Financial Rules III.3 and III.8.

17. It recommends the Secretary-General to continue in 2015 his approaches to Members that owe contributions to the Organization in order to secure their payment.

18. The Committee expressed its gratitude to the External Auditors (India, Germany and Spain) for their excellent work.

19. It requests the Executive Council to recommend that the General Assembly approve the UNWTO Financial Statements for the year ended 2014, as reported by the External Auditors.

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**V. Closing of the audited administrative accounts of the nineteenth financial period (2012-2013) (CE/100/5(c))**

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20. The Committee requests the Executive Council to recommend that the General Assembly endorse Executive Council decisions CE/DEC/9(XCV) and CE/DEC/11(XCVIII) on accounts for 2012-2013 approving their closing.

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**VI. Application of Article 34 of the Statutes and paragraph 13 of the Financing Rules (CE/100/5(d))**

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21. The Committee observed that the provisions of paragraph 13 of the Financing Rules attached to the Statutes were applied to seven Full Members, while Article 34 of the Statutes applied to seventeen Full Members and one Associate Member as of 31 March 2015.

22. It recommends that the Executive Council should again urge all Members in arrears to discharge their debts to the Organization as soon as possible, noting that the total arrears of the Full Members to which the aforementioned provisions are applied amount to EUR6,850,769.75, and EUR405,600.00 among the Affiliate Members, while the total arrears owed to the Organization by the Full and Associate Members, as of 31 March 2015, amount to EUR14,108,870.74 and, in the case of the Affiliate Members, EUR720,764.38.

23. The Committee took note that the Full Member Lao People's Democratic Republic had scrupulously complied with the commitments acquired with regard to the payment of its contributions up to and including the current year.

#### **VII. Report of the Programme and Budget Committee Working Group assessing the implementations of recommendations provided by Joint Inspection Unit and the External Auditors (PBC/06/2]**

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24. The Committee approved the report prepared by the Working Group within this Committee on assessing the implementation of recommendations made by the Joint Inspection Unit and the External Auditors. It recalled that the Executive Council, at its 98th session, mandated the Programme and Budget Committee to prepare such assessment and to report to the Council before the 21st General Assembly. In accordance with that mandate, the Committee requests the Secretary-General to transmit the report to the 101st session of the Executive Council for its adoption. A briefing on this discussion is to be presented by the Chair of the PBC to the Council at its 100th session.

25. Further, and in view of the implications that approval of the recommendations concerning the number and mandate of External Auditors has on the Statutes and the Financial Regulations, the Committee also requests the Secretary-General to provide this assessment to the General Assembly as part of his report on the White Paper Implementation Plan.

#### **VIII. Draft programme of work and budget for 2016-2017 (CE/100/7(a))**

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26. The Executive Director for Programme and Coordination presented the draft programme of work and budget, highlighting the Organization's strategic objectives, key areas of work, list of programmes, budget envelope, and the income and expenditure for 2016-2017.

27. The Committee thanked all the countries that actively took part in the preparatory process of the draft programme of work and budget by responding to the survey on priorities for 2016-2017 or by discussing such priorities at Regional Commission meetings or other ad hoc meetings.

28. The Committee took good note of the continuity with the programme of work of the previous biennium, maintaining the two strategic objectives while including new priorities expressed by UNWTO Members.

29. At the request of the Representative of the European region in the PBC, Hungary, the Committee agreed that the following issues should be better reflected in the Draft Programme of Work 2016-2017, namely (a) innovation and digitalization; and (b) the need to adapt regulatory frameworks to facilitate entrepreneurship and emerging business models.

30. The Committee took note of the changes made in the structure of the revised Programme Budget for 2014-2015 and noted with appreciation the Secretary-General's proposal to present a balanced budget for the biennium 2016-2017 with zero nominal growth based on the 2015 budget level, with the budget envelope of 2016 and 2017 being in the same overall amount as the 2015 budget.

31. The Committee took note of the proposed scale of contributions for 2016-2017 as modified to reflect the changes in membership and that in the budget, as foreseen in resolution 404(XIII), and which represents 0.0% annual growth in individual country contributions with respect to 2015, except when required by technical changes in the class situation of individual country cases.

32. The Committee noted that the level of the budget for 2016 and 2017 will be of 26,984,000 euros, and endorsed that the budgetary income approved for the next period should be provided by the contributions of the Full and Associate Members in the amounts of 12,556,000 euros for 2016, and 12,745,000 euros for 2017, and that the balance to be financed should be covered by the contributions of the Affiliate Members and the other sources of funding referred to in the corresponding document taking into account there might be adjustments necessary in case of new Members' joining or withdrawing from the Organization. It agreed that, in accordance with resolution 526(XVII), the contributions of the Associate Members be divided into two separate categories, each being 10% lower than the contribution of the Full Members in groups 13 and 9 respectively.

33. The Committee took note that in accordance with General Assembly resolution 619(XX), a direct deduction of 40 per cent for countries in the last group with a population equal to or less than 200,000 inhabitants had been applied on the scale of contributions for the period 2016-2017 and this deduction was also applied to all those countries that have the status of island and who are in the last group of the scale, regardless of whether they are located in a higher group before applying the additional deduction for small population in economic and technical factors.

34. The Committee agreed to adopt the recommendation of the Executive Council to maintain the contribution of the Affiliate Members at 2,400 euros per year for the period 2016-2017 and to support the decision CE/DEC/20(XCV) taken by the Executive Council on proposed deductions for specific members as outlined in document CE/95/6(c).

35. The Committee supported the Secretariat to further continue with its efforts in cost savings and control of expenditures, and took note that the Programme and Budget does not include extrabudgetary funds, which will be added to the Organization's output as they reinforce the resources and thus the activities of the Organization, especially on the subject of technical cooperation.

36. The Committee, after reviewing the draft programme of work and budget for 2016-2017 prepared by the Secretary-General, recommends the Executive Council to submit it to the General Assembly for approval.

## **IX. Place and dates of the seventh meeting of the Programme and Budget Committee**

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37. The seventh meeting of the PBC will be held in Medellín, Colombia, in the framework of the twenty-first session of the General Assembly, before the 101st session of the Executive Council.

## **X. Actions to be taken by the Executive Council**

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38. The Executive Council is invited to approve the recommendations presented in the present report and corresponding documents.

**Annex I. List of participants**

<b>I. CHAIR/ PRÉSIDENT/ PRESIDENTE</b>	
<b>ARGENTINA/ARGENTINE/ARGENTINA</b>	Ms. Ana Garcia ALLIEVI Technical Assistant Ministry of Tourism
<b>II. MEMBERS OF THE COMMITTEE/ MEMBRES DU COMITÉ/ MIEMBROS DEL COMITÉ</b>	
<b>HUNGARY/HONGRIE/HUNGRÍA</b>	Ms. Nóra PATAKI Chief Councillor Ministry for National Economy
<b>INDIA/INDE</b>	Mr. Suman BILLA Joint Secretary Ministry of Tourism  Mr. Ramkumar VIJAYAN Assistant Director India Tourism
<b>INDONESIA/INDONÉSIE</b>	Mr. Surana SURANA Deputy Director for Multilateral Cooperation Ministry of Tourism  Ms. lin dwi PURWANTI Assistant Deputy Director for UNWTO Ministry of Tourism
<b>ITALY/ITALIE/ITALIA</b>	Ms. Alessandra PRIANTE International Relations - UNWTO Ministry of Culture and Tourism
<b>SAUDI ARABIA/ARABIE SAOUDITE</b>	Ms. Basmah Al-Mayman Manager of International Organizations & Committees Department Saudi Commission for Tourism & Antiquities (SCTA)
<b>REPRESENTATIVE OF THE ASSOCIATE MEMBERS/REPRÉSENTANT DES MEMBRES ASSOCIÉS/REPRESENTANTE DE LOS MIEMBROS ASOCIADOS</b>	Ms. Christel LEYS Policy Tourism Officer Flemish Department of Foreign Affairs Flanders
<b>III. OBSERVERS/OBSERVATEURS/OBSERVADORES</b>	
<b>ARMENIA/ARMÉNIE</b>	Mr. Mekhak Apresyan Head Ministry of Economy  Mr. Ashot Grigorian Head Ministry of Foreign Affairs
<b>AUSTRIA/AUTRICHE</b>	Ms. Angelika Liedler Head of International Tourism Affairs Division Federal Ministry of Science, Research and Economy
<b>BAHAMAS</b>	Mr. Harrison Thompson Permanent Secretary Ministry of Tourism

<b>CROATIA/CROATIE/CROACIA</b>	Ms. Blanka BELOŠEVIĆ Head Department for International Cooperation Ministry of Tourism
<b>ZIMBABWE/ZIMBABWE/ZIMBABUE</b>	Mr. Walter Mzembi Minister of Tourism Ministry of Tourism  Mr. Obediah Mazombwe Advisor to the Minister of Tourism Ministry of Tourism
<b>AFFILIATE MEMBERS/ MEMBRES AFFILIÉS/ MIEMBROS AFILIADOS</b>	Mr. Vidya Sagar Ahluwalia Secretary General Pacific Area Travel Writers Association (PATWA)  Ms. Prem Ahluwalia Deputy Secretary General Pacific Area Travel Writers Association (PATWA)