



Executive Council

103rd session
Málaga, Spain, 9-11 May 2016
Provisional agenda items 4 and 6

CE/103/4
Málaga, 9 May 2016
Original: English

Report of the Programme and Budget Committee

I. Introduction

1. The Programme and Budget Committee (PBC) held its ninth meeting in Málaga, Spain, on 9 May 2016, under the chairmanship of Argentina. A list of participants is annexed to this report.
2. The PBC members proceeded to consider the following points and corresponding documents, which are to be submitted to the Executive Council at its 103rd session (10 May 2016):

	Documents
Report of the Secretary-General: Implementation of the General Programme of Work	CE/103/5 rev.2
Preparations for the International Year of Sustainable Tourism for Development 2017	CE/103/3(d)
Guidelines for the preparation of the 2018-2019 Programme of Work and Budget	No document
Financial situation of the Organization for 2016 (including Addendum 1: IPSAS post-implementation phase progress report)	CE/103/7(a) and CE/103/7(a) Add.1
UNWTO financial report and audited Financial Statements for the year ended 31 December 2015	CE/103/7(b)
Application of Article 34 of the Statutes and paragraph 13 of the Financing Rules	CE/103/7(c)
Human resources report	CE/103/7(e)



II. Implementation of the General Programme of Work

3. The Executive Director for Programme and Coordination presented an update of the activities carried out by the Secretariat since the last PBC meeting (September 2015), based on the documents of the Executive Council. The PBC took note of all activities presented in the report and recommended that the Executive Council approve it.

III. Preparations for the International Year of Sustainable Tourism for Development 2017

4. The Executive Director for Operational Programmes and Institutional Relations presented the Plan for the Observance of the International Year of Sustainable Tourism for Development 2017, outlining the key objectives, planned activities by UNWTO, and proposed activities to be undertaken by governments, the private sector, academia, international organizations, NGOs and civil society, as well as tourists. The PBC took note of the report and recommended that the Executive Council approve it.

IV. Guidelines for the preparation of the 2018-2019 Programme of Work and Budget

5. The Executive Director for Programme and Coordination explained how the Organization prepares its programme of work and budget every two years, including the conduction of a survey on priorities. He presented a tentative calendar for the whole cycle of preparation of the next Programme of Work and Budget.

6. The PBC members approved the calendar for the preparation of the 2018-2019 Programme of Work and Budget.

7. Costa Rica (observer) requested the floor to make the proposal to reconsider the practice of the zero nominal growth for the preparation of the budget for 2018-2019. It invited the Secretariat to prepare two different draft programmes of work and budget for next biennium: one following the current practice of zero nominal growth and another one based on a sensible increase of the Organization's budget linked to the programme of work. The Committee supported the proposal.

V. Financial situation of the Organization (CE/103/7(a) and CE/103/7(a) Add.1)

8. The Committee took note of document CE/103/7(III)(a) which provides financial information as at 31 March 2016.

9. The Committee noted that, as of the end of March, the level of assessed contributions received for the current year amounts to EUR 8,391,977. This represents 64 per cent of the assessed contributions receivable of 2016 (EUR 13,091,955) (52 per cent at 31 March 2015) and 74 per cent of the estimated contributions (EUR 10,900,000), and therefore income targets are expected to be met by year's end. After the addition of the budgetary allocation and the arrear contributions, the total budgetary income amounts to EUR 9,375,154 representing 73 per cent of the estimate plan of income for the year (EUR 12,847,000).

10. The Committee took note that contribution arrears collected as of 31 March 2016 were EUR 650,176, i.e., 54 per cent of the forecast amount (EUR 1,214,000).

11. The Committee also took note that the implemented expenditure amounted to EUR 11,734,997 out of which EUR 2,787,505 had been expended, and that EUR 8,947,492 had been committed until

year end, staff costs included.

12. The Committee urged Members that have not yet complied with their financial obligations to take the necessary steps to pay their contributions for 2016 thereby averting delays that could hamper programme execution.

13. The Committee took note of the adjustments made by the Secretary-General on the structure of programmes for 2016. These adjustments have resulted in a modified distribution of appropriations per programme as reflected in Annex I of document CE/103/7(a).

14. The Committee recommends that the Executive Council approve the use the Special Contingency Reserve (SCR) and the Replacement Reserve (RR) funding for: (i) the lobby reform project (SCR project) in replacement of the printing services project funding and, (ii) the measuring sustainable tourism & improving tourism data management and data collection project (RR project) instead of the Statistics Information System project, at unchanged levels.

15. The Committee noted that a new salary scale applicable to staff of the Professional and higher categories was adopted effective 1 January 2016, 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 1.08 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.

16. IPSAS post-implementation phase progress report: The Committee noted the advances made on the IPSAS post-implementation phase project related to: (i) sustaining IPSAS compliance and maximizing IPSAS benefits and, (ii) enhancement of Athena (UNWTO financial management information technology system) and the pressure that these major business transformation projects put on the Secretariat, particularly under the area of Budget and Finance.

17. The Committee noted that the go-live of the Athena II plan is planned within the first semester of 2017.

18. 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.

VI. UNWTO financial report and audited Financial Statements for the year ended 31 December 2015 (CE/103/7(b))

19. The Committee took note of the of the favourable opinion of the External Auditors that the UNWTO Financial Statements for the year ended 2015 present fairly the financial position of the UNWTO as at 31 December 2015 and the results of the operations for this period, in compliance with UNWTO Financial Regulations and Rules and International Public Sector Accounting Standards with one exception regarding the timing difference in the presentation of audit reports of the Themis Foundation. The Committee requested the Secretary-General to continue discussions with the External Auditors and the Government of Andorra to find a solution to the timing differences in the auditing of the Financial Statements of the Themis Foundation.

20. It requests the Executive Council to recommend that the General Assembly approve the UNWTO Financial Statements for the year ended 2015.

21. The Committee expressed its gratitude to the External Auditors (Spain) for their work.

22. The Committee took note that in the financial year 2015 the level of budgetary expenditure was maintained within the limit of approved appropriations and observed that the cash surplus was returned to the Working Capital Fund (WCF) to partially cover the advance made from the WCF in previous years.

23. It recommends the Secretary-General to continue in 2016 his approaches to Members that owe contributions to the Organization in order to secure their payment.

24. The Committee also took note of the transfers of the appropriations between major programmes of the budget and between programmes of the same major programme of the budget made by the Secretary-General for the period ended 31 December 2015 which have been recommended by the Programme and Budget Committee and by the Executive Council members through a written consultation in accordance with Financial Regulation 5.3(a) and 5.3(b).

25. The Committee took note of the Secretary-General's intention to amend Detailed Financial Rule (DFR) IV.1 to read "...This contribution shall be considered miscellaneous revenue for the current financial period..." and to include a new DFR (DFR IV.6) on the application of collection of contributions to read "The application of collection of contributions is done from the oldest arrear to the most recent one except if otherwise indicated by the Member" as recommended by the External Auditors during the external audit of the 2014 UNWTO Financial Statements.

VII. Suspension of membership in accordance with Article 34 of the Statutes and requests for temporary exemption from the application of paragraph 13 of the Financing Rules

26. The Committee took note that the Full Members, Lao People's Democratic Republic and Nicaragua had scrupulously complied with the commitments acquired with regard to the payment of their contributions up to and including the current year.

27. The Committee expressed its satisfaction that that Full Members Mali and the former Yugoslav Republic of Macedonia were no longer subject to the provisions of paragraph 13 of the Financing Rules and/or Article 34 of the Statutes since they had reduced their contribution arrears partially or in full.

28. The Committee approves the payment plan submitted by the Full Member Mauritania for the settlement of its arrear contributions.

29. The Committee further took note that in accordance with resolution A/RES/646(XXI) the provisions of Article 34 of the Statutes are once again applicable to the Full Members Guinea, Niger, Togo Uganda and Yemen, as well as to the Affiliate Members Fédération Inter-États des Syndicats des Agences de Voyages et de Tourisme de l'Afrique de l'Ouest et du Centre (FISAVET) and Fundação CTI Nordeste.

VIII. Human resources report

30. The Committee took note of the information provided in the human resources report of the Organization and invited the Executive Council to approve the amendments of the Staff Rules mentioned in paragraphs Annex I of document CE/103/7(e) "Revised Compensation Package for Professional and Higher Categories Amendments to the Staff Regulations and Staff Rules" in application of UNGA resolution A/RES/70/244 with dates of effect as indicated in this document. Furthermore the Committee requested the Executive Council to take note of the report of the Ethics Officer and to thank him for the work carried out.

IX. Place and date of the tenth meeting of the PBC

31. The tenth meeting of the PBC will be held immediately before the 104th session of the Executive Council.

X. Actions to be taken by the Executive Council

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

Annex I. List of participants

I. Chair	
Argentina	Mr. Jose Gustavo Santos Minister Ministry of Tourism Ms. Ana Garcia Allievi Technical Assistant Ministry of Tourism
II. Members of the Committee	
France	Mr. Michel Durrieu Director Ministry of Foreign Affairs
Hungary	Mr. Joseph Nemeth Head Hungarian National Tourist Office
India	Mr. Suman Billa Joint Secretary Ministry of Tourism Mr. Vikram Misri Ambassador Embassy of India in Spain Mr. Pravir Chakravorty Director India Tourism
Japan	Mr. Yuichiro Masuda Director Embassy of Japan to Spain Mr. Koichi Takatsuki Director for International Tourism Relations Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism Ms. Yuri Furusawa Vice Commissioner Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism
Malaysia	Mr. Hong Peng Ong Secretary General Ministry of Tourism and Culture Mr. Khaironizam Saad Senior Principal Assistant Secretary Ministry of Tourism and Culture Mr. Mohd Hafiz Khar Special Officer to Secretary General Ministry of Tourism and Culture
Mexico	Ms. Anabella Barbosa Chiñas Deputy Director for the International Organizations SECTUR
Saudi Arabia	Ms. Basmah Al-Mayman Manager of International Organizations & Committees Department Saudi Commission for Tourism & National Heritage

Representative of the Associate Members	Mr. Jan Korthoutd Director - Tourism Policy Advisor Flanders Department of Foreign Affairs Flanders
III. Observers	
Costa Rica	Mr. Hermes Navarro del Valle Chief of Investment attraction Costa Rica Tourism Institute
Palestine	Mr. Amer Odeh Ambassador Diplomatic Mission of Palestine in Spain
Paraguay	Ms. Carmen Silva Interim Director General SENATUR
Peru	Mr. Walter Vizarrera Deputy Directpr of Market Intelligence and Forecasting PROMPERÚ
Spain	Mr. José Leandro Consarnau Guardiola Under Director General for Technical International Organizations Ministry of Foreign Affairs and Cooperation Mr. Ricardo Losa Giménez Assistant Under Director General for Technical International Organizations Ministry of Foreign Affairs and Cooperation
Sudan	Mr. Mohammed Abdalla A. Ahmed Ambassador Embassy of the Republic of Sudan to Spain
Zimbabwe	Mr. Karikoga Kaseke Chief Executive Zimbabwe Tourism Authority Mr. Stuart H. Comberbach Permanent Secretary Office of the President and Cabinet
Affiliate Members	Mr. Alexandr Eliseev Russian Travel Guide Co. Ltd. Russian Federation
UNWTO Secretariat	
Mr. Taleb Rifai Secretary-General Mr Zoltan Somogyi Executive Director, Programme and Coordination Mr. Marcio Favilla Executive Director for Operational Programmes and Institutional Relations Mr. José García Blanch Director of Administration Mr. Philippe Lemaistre Chief, Programme and Coordination	