



Executive Council

105th session
Madrid, Spain, 10-12 May 2017
Provisional agenda items 4 and 6

CE/105/4
Madrid, 10 May 2017
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Report of the Programme and Budget Committee

I. Introduction

1. The Programme and Budget Committee (PBC) held its eleventh meeting in Madrid, Spain, on 10 May 2017, under the chairmanship of Argentina. A list of participants is annexed to this report.
2. The PBC members approved the agenda and proceeded to consider the following points and corresponding documents to be submitted to the Executive Council at its 105th session (11 May 2017):

	Documents
• Draft Programme of Work and Budget of the Organization for 2018-2019	CE/105/5(b)
• Implementation of the General Programme of Work for 2016-2017	CE/105/5(a)
• Financial report of the Organization for 2017	CE/105/7(a)
• UNWTO financial report and audited Financial Statements for the year ended 31 December 2016	CE/105/7(b)
• Application of Article 34 of the Statutes and paragraph 13 of the Financing Rules	CE/105/7(c)
• Human resources report	CE/105/7(e)

II. Draft Programme of Work and Budget of the Organization for 2018-2019 - CE/105/5(b)

3. The Secretary-General presented the document CE/105/5(b). He reminded the PBC members that this proposal has been prepared with the objective of:
 - (a) ensuring continuity with the Programme of Work and Budget 2016-2017;
 - (b) following the principles of the Global Code of Ethics for Tourism;

(c) mainstreaming tourism in the global agenda, maximizing the contribution of tourism to the Sustainable Development Goals (SDGs) and the 2030 Sustainable Development Agenda; and

(d) including the priorities expressed by UNWTO Members (Full, Associate and Affiliate), notably through the survey on Members' priorities conducted at the end of 2016, such as the impact of new technologies on tourism.

4. He recalled that, as in previous biennia, the programme of work is structured along two interdependent strategic objectives: (a) improving competitiveness and quality, while (b) promoting sustainability and ethics in tourism development.

5. The Secretary-General also highlighted that the link between the different outputs of the programme of work and their contribution to the 2030 Agenda are clearly stated in this document, as a consequence of the top prioritization by UNWTO Members of the concept of "Tourism for Development" through the survey on priorities.

6. The Committee took note of the changes made in the structure of the revised budget for 2016-2017 at 31 March 2017 and supported the Secretary-General's proposal to present a balanced budget for the biennium 2018-2019 with zero nominal growth in Members' contributions for 2018 over 2017 and with a 4% increase in 2019 over 2018, barely keeping the budget amounts for 2018/2019 in real terms with respect 2016-2017 and a loss in purchasing power of 6% over a 10-year period.

7. The Committee took note of the proposed scale of contributions for 2018-2019 as modified to reflect the 0% and 4% annual growth in individual country contributions with respect to 2017 and 2018 respectively, except when required by technical changes in the class situation of individual country cases.

8. With regard to a proposal by France, and at the suggestion of the Secretary-General, the Committee established a working group composed of Angola, France and Flanders, with the support of the Secretariat, which met after the Committee meeting, to evaluate the level of the contributions of the Affiliate Members.

9. The Committee noted that the level of the budget for 2018 and 2019 will be of EUR 27,573,000, and endorsed that the budgetary income approved for the next biennia should be provided by the contributions of the Full and Associate Members in the rounded amounts of EUR 12,623,000 for 2018 and EUR 13,166,000 for 2019, 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 the case of new Affiliate Members' joining or withdrawing from the Organization. It also agreed that, in accordance with resolution A/RES/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.

10. 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 has 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 which 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.

11. With respect to the contribution of the Affiliate Members for the period 2018-2019, the Committee will await the conclusions of the Working Group (see paragraph 8) in order to submit its

recommendation to the Executive Council.

12. The Committee encouraged the Secretariat to further continue with its efforts in cost savings and control of expenditures and noted that the Programme and Budget only includes Regular Budget programmes within the General Fund and noted that Other programmes within the General Fund or Other Funds (Voluntary Contributions Funds and Fund In Trust) will be added to the Organization's output and reinforce the resources and thus the activities of the Organization, especially in respect of technical cooperation.

13. The members of the PBC recommended the Executive Council to approve the Draft Programme of Work and Budget of the Organization for 2018-2019 as presented by the Secretary-General.

III. Implementation of the General Programme of Work for 2016-2017 - CE/105/5(a)

14. The Executive Director for Programme and Coordination presented an update of the activities carried out by the Secretariat since the last PBC meeting (October 2016), based on the documents of the Executive Council. The PBC took note of all activities presented in the report and recommended the Executive Council to approve the report.

IV. Financial report of the Organization for 2017 - CE/105/7(a)

15. The Committee took note of document CE/105/7(a) which provides financial information as at 31 March 2017.

16. The Committee took note that the budgetary income for the year 2017 has been estimated at EUR 13,180,000. The level of collection of contributions from Members for the financial year 2016 as of 31 March 2017 amounts to EUR 7,719,429 and the collection of contributions in arrears to EUR 440,310. The income received to date represents 63% of the estimated plan of income for the current year.

17. The Committee also took note that the budgetary expenditures in this financial year have been initially planned to be EUR 13,180,000 which corresponds to the estimated income and amounts to 98% of the approved appropriations. The budgetary expenditure to date amounts to EUR 11,952,948 and represents 91% of the estimated plan of expenditure for the current year.

18. The Committee urged Members that have not yet complied with their financial obligations to take the necessary steps to pay their contributions for 2017 thereby averting delays that could hamper programme execution.

19. The Committee took note of the adjustments made by the Secretary-General on the structure of programmes for 2017. These adjustments have resulted in a modified distribution of appropriations per programme as reflected in document CE/105/7(a) and submitted for approval under document CE/105/5(b).

20. The Committee took note with appreciation of the voluntary contributions, in-kind donations and Initiative projects and encouraged the Secretary-General to implement them seeking whenever possible to diversify the sources of financing UNWTO activities in support of the aims of the Organization.

21. The Committee noted the salary scales approved by the United Nations and applied by the Secretary-General in accordance with Staff Rule 33(1) as follows: (a) amended salary scale for staff in

the General Service (GS) category effective 1 October 2016, (b) unified salary scale and revised pensionable remuneration scale for staff in the Professional and higher categories with effect from 1 January 2017, and (c) revised pensionable remuneration scale for staff in the Professional and higher categories with effect from 1 February 2017.

V. UNWTO financial report and audited Financial Statements for the year ended 31 December 2016 - CE/105/7(b)

22. The Committee took note with satisfaction of the unqualified opinion of the External Auditors that the UNWTO Financial Statements for the year ended 2016 present a true image of the financial position of the UNWTO as at 31 December 2016 and of its performance, its cash flows and changes in equity for the year ended 31 December 2016, in compliance with UNWTO Financial Regulations and Rules and International Public Sector Accounting Standards and also noted that the issue which led to an audit opinion exception regarding the timing difference in the auditing of the Financial Statements of the Themis Foundation raised during the external audit of the UNWTO Financial Statements for the year ended 2015 has been resolved.

23. It requests the Executive Council to recommend the General Assembly to approve the UNWTO Financial Statements for the year ended 2016.

24. The Committee expressed its gratitude to the External Auditor (Spain) for the work carried out.

25. The Committee took note that in the financial year 2016 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.

26. It recommends the Secretary-General to continue in 2017 his approaches to Members that owe contributions to the Organization in order to secure their payment.

27. The Committee also took note of the adjustments made by the Secretary-General to the 2016 transfers of appropriations indicated in the document 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).

28. The Committee took note of the of the decisions taken by the UN General Assembly following its consideration of the report on the After Service Health Insurance (ASHI) of the UN ASHI Working Group.

29. It requests the Secretary-General to continue monitoring the progress of the UN ASHI Working Group, particularly on full funding or alternatives to full funding of ASHI liabilities and on standardizing general valuation methodology, in order to assess, in the context of social and legal backdrop as well as acquired rights, cost-containment measures for UNWTO after-service employee benefits and to take into account, as appropriate, UN ASHI Working Group recommendations on adequate funding of the ASHI liability prior to presenting draft budgets and proposals to the Executive Council.

VI. Application of Article 34 of the Statutes and paragraph 13 of the Financing Rules - CE/105/7(c)

30. The Committee observed that the Full Members Cambodia, Kyrgyzstan and Nicaragua had scrupulously complied with the commitments acquired with regard to the payment of their contributions

up to and including the current year.

31. The Committee expressed its satisfaction that the Full Members Pakistan, Togo, Senegal and Venezuela are no longer subject to the provisions of Article 34 of the Statutes and/or paragraph 13 of the Financing Rules since they have partially reduced their contribution arrears.

32. The Committee approves the payment plans submitted by Ghana and Guinea for the settlement of their arrears as well as the revision proposal made by Uruguay for its payment plan.

VII. Human resources report - CE/105/7(e)

33. The Committee took note of the information provided in the human resources report of the Organization and invited the Executive Council to encourage Member States to send concrete proposals to the Secretariat for the financing of Junior Professional Officers at UNWTO through the UNDP framework agreement. 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.

VIII. Place and dates of the 12th meeting of the PBC

34. The Committee agreed that its twelfth meeting would be held in the framework of the 22nd General Assembly immediately before the 106th session of the Executive Council, to be held in Chengdu, China.

IX. Actions to be taken by the Executive Council

35. 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. José Gustavo Santos Minister Ministry of Tourism Ms. Ana Garcia Allievi Technical Assistant Ministry of Tourism
II. Members of the Committee	
Angola	Ms. Rosa António Gomes Cruz Director Ministry of Hospitality and Tourism Ms. Cláudia Santos First Secretary Angola Embassy in Angola
Cameroon	Mr. Timothée Tabapssi, Ph.D Chargé d'Affaires a.i Cameroon Embassy in Spain
France	Mr. Michel Durrieu Responsible, Promotion of Tourism Ministry of Foreign Affairs Ms. Amandine Southon Section Chief, International Affairs and representations Ministry of Foreign Affairs
Hungary	Mr. Oliver Fodor Chief Advisor Hungarian Tourism Agency
India	Mr. Saravanan Balasubramanian Third Secretary Embassy of the Republic of India in Spain Mr. Gangadhar Chilka Assistant Director Ministry of Tourism Government of India
Japan	Mr. Yasuto Kowarabayashi Vice Commissioner Ministry of Land, Infrastructure, Transport and Tourism Ms. Yui Toyonaga Official, Japan Tourism Agency Ministry of Land, Infrastructure, Transport and Tourism (MLIT)
Malaysia	Mr. HJ. Ab. Ghaffar A. Tambi Secretary General Ministry of Tourism and Culture Mr. Khaironizam Saad Senior Principal Assistant Secretary Ministry of Tourism and Culture

	Mr. Mohd Zamzuri Ab Ghani Special Officer to Secretary general Ministry of Tourism and Culture
	Mr. Abdul Rahim Haron Director Tourism Malaysia Paris Tourism Malaysia Paris
Mexico	Mr. Iván Sosa Espinosa Cooperation and Multilateral Affairs Mexican Embassy in Spain
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 Korthout Director - Tourism Policy Advisor Foreign Affairs Division Flanders
III. Observers/Observateurs/Observadores	
Brazil	Mr. Rafael Luisi Special Adviser Ministry of Tourism
Croatia	Ms. Blanka Belošević Head of Sector for International Cooperation Ministry of Tourism
Iran	Mr. Mohammad Mehdi Yousefi Deputy Director Ministry of Foreign Affairs
Spain	Mr. Ricardo Losa Giménez Sub. Gral. Adjunto OO.II.TT. Ministry of Foreign affairs and Cooperation
UNWTO Secretariat	
Mr. Taleb Rifai, Secretary-General Mr. Zoltan Somogyi, Executive Director, Programme and Coordination Mr. José García Blanch, Director, Administration and Finance	
Ms. Mónica González, Chief, Budget and Finance Ms. Mary Melgarejo, Senior Assistant to the Director of Administration and Finance Ms. Anastasia Gibbons, Programme Officer, Budget and Finance	
Mr. Philippe Lemaistre, Chief, Programme and Coordination Ms. Susana Costa Resende, Senior Assistant to the Executive Director for Programme and Coordination Ms. Nicole Groot Zevert, Programme and Coordination	
Ms. Alicia Gómez, Legal Counsel Ms. Carmen Varo, Office of the Legal Counsel	