



Executive Council

Ninety-fifth session
Belgrade, Serbia, 27-29 May 2013
Provisional agenda item 3(III)(a)

CE/95/3(III)(a)
Madrid, 14 May 2013
Original: English

Report of the Secretary-General

Part III: General programme of work for 2012-2013

(a) Report of the Programme and Budget Committee

I. Introduction

1. The Programme and Budget Committee started its second meeting at the Organization's Headquarters in Madrid on 2 and 3 May 2013, under the co-chairmanship of Argentina and Malaysia. Delegations of the following Members participated in this meeting of the Committee: Croatia, India, Indonesia, Italy, Kenya, Lebanon, and the representative of the Associate Members, the Flemish Community of Belgium. Also in attendance were Australia and Spain in their capacity as observers. The Annex to this document contains the list of participants in the second meeting of the Programme and Budget Committee.

2. The Committee considered the following documents, which will be submitted to the Executive Council at its ninety-fifth session (27-29 May 2013):

<u>Items</u>	<u>Documents</u>
Adoption of the Agenda	PBC/2/1 prov
Report of the Secretary-General on the implementation of the general programme of work 2012-2013	CE/95/3(III)(b) and CE/95/3(III)(b) Annex
Financial situation of the Organization as of 31 March 2013	CE/95/3(II)(a)
IPSAS progress report and amendments to the Detailed Financial Rules (DFR)	CE/95/3(II)(a) Add.1
Auditors' report and administrative accounts of the Organization for the financial year 2012	CE/95/3(II)(b)
Closing of the audited administrative accounts of the eighteenth financial period (2010-2011)	CE/95/3(II)(c)
Application of Article 34 of the Statutes and paragraph 13 of the Financial Rules attached to the Statutes	CE/95/3(II)(d)



Place and dates of the third meeting of the Programme & Budget Committee n.a.

II. Elections of the PBC Chair and Vice-Chair

3. In accordance with the Rules of Procedure of the Committee, elections to the posts of Chair and Vice-Chair were carried out, and Argentina and Italy were elected by consensus to represent each function respectively. Indonesia, which was originally candidate to the post of Chair, withdrew its candidature. The PBC Members appreciated the gesture towards Argentina and, together with the Executive Director of Programme and Coordination, encouraged Indonesia to present its candidature to other organs of the Organization.

4. In addition, Malaysia was warmly thanked by all Members for its co-chairmanship of the first PBC meeting (October 2012) and for the personal role of Datuk Dr. Wee as Chairman of the Programme Committee from 2007 to 2012.

III. Implementation of the general programme of work 2012-2013 (CE/95/3(III)(b) and CE/95/3(III)(b) Annex)

5. The Chief of Communications and Publications made a short presentation regarding objectives and challenges in relation with UNWTO publications. The Committee took positive note of the merger of the Communications and Publications Programmes and gave some input and advice for the Secretariat to prepare a Publication Strategy to be presented to the Executive Council and the General Assembly.

6. The Executive Director for Programme and Coordination presented the activities contained in the two documents of reference. The Committee insisted on the importance of following up on activities, but admitted it was complicated to undertake in a systematic manner. It was agreed that some activities could be randomly selected in order to be assessed.

IV. Financial situation of the Organization as of 31 March 2013 (document CE/95/3(II)(a) and IPSAS progress report and amendments to the Detailed Financial Rules (DFR) (document CE/95/3(II)(a) Add.1

7. The Committee took note of document CE/95/3(II)(a) and its Add.1, which provides information as of 31 March 2013 and on progress achieved on the implementation IPSAS. The Committee noted with satisfaction that, as of the end of March, the level of contributions collected for the current year had risen to EUR6,734,010.91. This represents 55 per cent (higher percentage than that in the last two years on the same date) of the total amount of contributions payable by Members in 2013 (EUR12,188,000) and 64 per cent of the estimated income from contributions (EUR10,513,000), and therefore income targets are expected to be met by year end. After the addition of allocations from sundry income and publications, the total budgetary income received amounts to EUR7,675,630.90 representing 63 per cent of the income estimates for the year (EUR12,092,000).

8. The Committee took note that arrears of Members' contributions collected as of 31 March 2013 were 36 per cent of the forecast amount (EUR1,000,000).

9. The Committee also took note that the implemented expenditure amounts to EUR11,229,654.81 out of which EUR2,770,037.89 have already been disbursed, and that, furthermore, EUR8,459.616.92 are already committed until year end, staff costs included.

10. The Committee noted that the contributions received for the current year would enable the Secretary-General to finalize implementation of the expenditure plan proposed for 2013 and maintain a balance between income and expenditure in accordance with the mandate recommendation of the nineteenth session of the General Assembly.

11. The Committee noted that a new pensionable remuneration scale applicable to staff of the Professional and higher categories was adopted effective 1 February 2013, in accordance with the applicable provisions of the Staff Regulations and Rules.

12. The Committee expressed its gratification at the sound budgetary and financial situation of the Organization and the criteria followed by the Secretariat in its financial management, although the increasing budgetary pressures due to the zero nominal growth policy already followed for a period of three biennia was noted to be limiting the Organization's ability to carry out its program of work, in particular by requiring an unusually high level of vacancies and by crowding out non-staff costs.

13. The Committee took note of the progress report on the IPSAS implementation and of the special recognition given by the External Auditors to the work done in 2012 in the IPSAS project, and also noted the Secretary-General's comment noted in this report in respect that the application of IPSAS 6, IPSAS 7 or IPSAS 8 to the operations of UNWTO may be delayed, until a final structure and relationship of the UNWTO and its separate entities ("satellites") is approved by the UNWTO General Assembly at a future time.

14. The Committee supported the approval of the third set of draft amendments to the Detailed Financial Rules (DFR) as presented in Annex I of this document and agreed that the amended DFR will enter into force once IPSAS is operative, targeting 1 January 2014, except paragraphs 11 and 24 of the Annex I (Travel Guidelines) of the amended DFR which will enter into force once approved by the Executive Council.

15. The Committee encouraged the Secretary-General to continue to advance in the IPSAS implementation project.

V. Auditors' report and administrative accounts of the Organization for the financial year 2012 (document CE/95/3(II)(b))

16. The Committee heard the presentation made by the Secretariat of the auditors' report concerning the accounts for the financial year 2012 and a note to the Committee by the Spanish Auditor attached to this report in Annex II. It noted the remarks contained in the report, in particular, that it was a favourable audit report.

17. The Committee took note of the explanations given by the Secretariat regarding the accounts for the financial year of 2012, which have been closed. The Secretariat informed the Committee of the budgetary results for 2012, pointing out that thanks to the level of budgetary income received, including income from the payment of contribution arrears, it had been possible to execute 99% of the approved budget and to achieve full balance between income and expenditure.

18. The Committee agreed to the transfers of appropriations between parts of budget and between sections of the same part of the budget, made by the Secretary-General at the close of the accounts for 2012 with the prior respective authorizations of the Chairman of the Executive Council and the Chairman of the Committee on Programme and Budget in accordance with Financial Regulation 5.3(a) and 5.3(b) and Council decision 6(LIII). It recommended the Executive Council to approve the aforementioned transfers.

19. Noting that the accounting procedures and records, as well as the financial transactions for the year, were in accordance with the Financial Regulations and other applicable directives, the Committee recommended the Executive Council to authorize the accounts.

20. It further recommended the Council to endorse the appeal made by the Auditors to all Members to pay their contributions to the budget within the time limits prescribed in Financial Regulation 7(2).

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

VI. Closing of the audited administrative accounts of the eighteenth financial period 2010-2011 (document CE/95/3(II)(c))

22. The Committee took note of the balance in the General Fund from the financial period 2010-2011, with a net result of zero euros.

23. The Committee also noted the audited accounts for the period 2010-2011 were examined and approved by the Executive Council at its 90th and 93rd sessions respectively.

VII. Application of Article 34 of the Statutes and paragraph 13 of the Financing Rules attached to the Statutes (document CE/95/3(d))

24. The Committee observed that the provisions of paragraph 13 of the Financing Rules attached to the Statutes were applied to three Full Members and one Associate Member, while Article 34 of the Statutes to nineteen Members as of 31 March 2013.

25. It recommended the Executive Council to again urge all Members in arrears to discharge their debts to the Organization as soon as possible and noted that the total arrears of the Full Members to which the aforementioned provisions are applied amount to EUR7,182,472.96, and EUR390,008.00 among the Affiliate Members, while the total arrears owed to the Organization by the Full and Associate Members, as of 31 March 2013, amount to EUR13,294,208.50 and, in the case of the Affiliate Members, EUR526,355.28.

26. The Committee noted with satisfaction that the Full Member Myanmar is no longer subject to the provisions of Article 34 of the Statutes and Paragraph 13 of the Financing Rules since it settled its arrear contributions in full, up to and including the current year's contribution.

27. The Committee took note with further satisfaction that the Full Members Cambodia, Guinea and Lao People's Democratic Republic had scrupulously complied with the commitments acquired with regard to the payment of their contributions up to and including the current year. Furthermore, the Committee was informed that Burkina Faso has submitted a payment plan for the settlement of its arrears in three years starting in 2013. This payment plan proposal was received after 31 March 2013.

VIII. Other issues

28. The Committee requested an informal presentation of the Executive Council's document (CE/95/3(I)(e)) regarding the Technical committees on competitiveness and sustainability issues. It highlighted the fact, even if the redefined committees will report directly to the Executive Council, they should work hand in hand with the PBC. It was suggested that the chairs of both competitiveness and sustainability committees attend PBC meetings.

IX. Place and date of the third meeting of the Programme and Budget Committee

29. The Committee proposed to hold the third PBC meeting in the framework of the forthcoming 20th General Assembly (Zambia-Zimbabwe, August 2013).

X. Actions to be taken by the Executive Council

30. The Executive Council is requested to approve the recommendations presented in the corresponding documents.

Annex I.

**2PBC/PROV.LIST.PART.
Madrid, April/avril/abril 2013**

**PROGRAMME AND BUDGET COMMITTEE (PBC) / COMITÉ DU PROGRAMME ET DU BUDGET
(CPB) / COMITÉ DE PROGRAMA Y PRESUPUESTO (CPP)
SECOND MEETING / DEUXIÈME RÉUNION / SEGUNDA REUNIÓN
Madrid, 2-3 May/mai/mayo 2013**

**PROVISIONAL LIST OF PARTICIPANTS
LISTE PROVISoire DES PARTICIPANTS
LISTA PROVISIONAL DE PARTICIPANTES**

I. MEMBERS OF THE COMMITTEE/MEMBRES DU COMITÉ/MIEMBROS DEL COMITÉ

ARGENTINA/ARGENTINE/ARGENTINA

Lic. Maya GONZÁLEZ BENDER
Directora de Relaciones Internacionales e
Institucionales
Ministerio de Turismo

CROATIA/CROATIE/CROACIA

Mrs. Blanka BELOSEVIC
Head of Sector for International Cooperation
Permanent Representative of Croatia to UNWTO
Ministry of Tourism

INDIA / INDE / INDIA

Mr. Sandeep Kumar
Second Secretary
Embassy of India
Madrid

INDONESIA / INDONÉSIE / INDONESIA

H.E. Mr. Sapta NIRWANDAR
Vice Minister for Tourism and Creative Economy
Ministry of Tourism and Creative Economy

Mrs. Ni Wayan GIRI ADNYANI
Director of International Relations
Ministry of Tourism and Creative Economy

Mr. Bawono Erie
Counsellor
Embassy of Indonesia
Madrid

Ms. Dwi Ajeng Partitie
Second Secretary Economic Section
Embassy of Indonesia
Madrid

ITALY/ITALIE/ITALIA

Mr. Roberto ROCCA
 Director General – Coordinator Office for Tourism
 Policies
 Department for Regional Affairs, Tourism and
 Sport
 Presidency of the Council of Ministers

Ms. Danielle FABRIZI
 Officer International and EU Relations in Tourism
 Focal Point for UNWTO
 Department for Regional Affairs, Tourism and
 Sport
 Presidency of the Council of Ministers

KENYA/KENYA/KENYA

Ms. Victoria Rotich
 Second Secretary
 Embassy of the Republic of Kenya
 Madrid

LEBANON / LIBAN / LIBANO

Mrs. Joumane KHADDAGE
 Première Secrétaire
 Ambassade du Liban
 Madrid

MALAYSIA/MALAISIE/MALASIA

Y.Bhg. Datuk Dr. Victor WEE
 Chairman of Tourism Malaysia

Ms. Nurul HUDA HASSAN
 Senior Assistant Secretary
 Strategic Planning and International Affairs
 Division
 Ministry of Tourism

**REPRESENTATIVE OF THE ASSOCIATE
 MEMBERS/REPRÉSENTANT DES MEMBRES
 ASSOCIÉS/REPRESENTANTE DE LOS
 MIEMBROS ASOCIADOS**

Ms. Christel LEYS
 Flemish Department of Foreign Affairs
 Flemish Community of Belgium

II. OBSERVERS/OBSERVATEURS/OBSERVADORES**AUSTRALIA / AUSTRALIE / AUSTRALIA**

Mr. Christopher Ellinger
 Cultural Attaché
 Australian Embassy
 Madrid

SPAIN/ESPAGNE/ESPAÑA

D^a Cristina RECODER
Jefa de Área de Relaciones Internacionales de la
Subdirección General de Cooperación y
Competitividad Turística
Secretaría de Estado de Turismo
Ministerio de Industria, Energía y Turismo

Annex II. Summary of the Annual Audit Report on the Accounts of the World Tourism Organization

This document was prepared by Juan Ruiz-Rico Alcaide, Spanish representative of the team of external auditors who, during the period from 4 to 15 March, carried out an audit of the financial statements corresponding to financial year 2012 of the World Tourism Organization.

First of all, our apologies, but it was impossible for me and my team to attend this meeting, and so we have prepared a note that I hope can meet your necessary information expectations.

Secondly, I would like to thank the Management of the Organization for the treatment received and for having placed at our disposal all the necessary means to make our stay as pleasant as possible.

Thirdly, I would like to highlight two fundamental points of the work we carried out during the dates mentioned:

1. We can say, as a result of the actions we carried out, that in our opinion the financial statements of the UNWTO during 2012 adequately reflect the transactions that took place in the Organization, that such transactions comply with the Financial Regulations, the budgetary provisions and other applicable rules, and that they faithfully reflect the financial situation of the organization.

2. During the performance of our work we were provided by Management with information and documentation on the process being carried out in the organization in order to be able to apply IPSAS starting in 2014.

The implementation of IPSAS will contribute to a substantial improvement of economic and financial information within the Organization, but it constitutes a major challenge that will entail an enormous workload, not only in the present but also in the future.

Nevertheless, we would like to emphasize the enormous work that is being done by Management, in both quantitative and qualitative terms. During the 2012 financial year, enormously complex issues were tackled, such as the preparation of the IT specifications aimed at adapting the existing IT systems in the organization, the preparation of a Table of Accounts, an accounting manual or a descriptive document of the processes affected by the implementation of IPSAS, all of which gives an idea of the intensity and quality of the work carried out.

In the future, in the face of this project, there will be major challenges, although based on the documentation and information to which we auditors have had access, we can express our confidence that such challenges will be successfully overcome.

Thank you for your attention,

(signature)
Juan Ruiz-Rico Alcaide