

**Report of the Programme and Budget
Committee**

CE/117/PBC
Madrid, 22 November 2022
Original: English

The Programme and Budget Committee met on 18 November 2022, under the chairmanship of Switzerland. As a subsidiary body of the Executive Council, the Committee reviewed, before their consideration by the Council, all documents related to the budget and programme of work of the Organization.

During its twenty-second meeting, held online, the Committee addressed the following reports of the Secretary-General on:

- General Programme of Work
- Financial situation of the Organization
- Human resources

In addition, the Committee reviewed the draft questionnaire on Members' priorities, in preparation of the forthcoming programme of work.

The Committee reviewed all the submitted documents and recommended to the Executive Council that they be approved.

The Committee shared further concerns during the meeting regarding the high inflation rates and their negative consequences on the budget of the Organization and its capacity to deliver.

In this context, the PBC supports the Secretary-General in:

- Making a proposal for an increase of Member States' contributions,
- Identifying several flagship initiatives for a voluntary financial engagement of Member States, and
- Facilitating the extrabudgetary funding of staff positions in the UNWTO Secretariat.

The decisions of the Executive Council regarding each report examined by the PBC are not reflected in this document, but in the referred documents (see references of documents in the Introduction).

I. Introduction

1. The Programme and Budget Committee held, virtually, its twenty-second meeting on 18 November 2022, under the chairmanship of Switzerland and the vice-chairmanship of Peru. The list of attendees is attached to this report.
2. The Executive Director welcomed the participants. She underlined that the energy crisis is impacting many countries' economies, notably their tourism sector. Inflation rates are high and alter the operations of many tourism stakeholders. It does also affect the Organization.
3. In this context, the work of the UNWTO Secretariat is key in supporting recovery and resilience of societies and economies worldwide. UNWTO Members need to remain united and strong, focusing on innovative solutions.
4. The members of Committee approved the agenda and proceeded to address the following documents, which are submitted to the Executive Council at its 117th session (Marrakech, Kingdom of Morocco, 24 November 2022)

	Documents
General Programme of Work	CE/117/3(b) rev.1
Financial situation of the Organization	CE/117/3(c) rev.1
Human resources	CE/117/3(d)

5. In addition, the Committee reviewed the draft questionnaire on Members' priorities, in preparation of the forthcoming programme of work, 2024-2025 (see part V. of the present report).
6. In his communication, the Chair, Switzerland, highlighted the relevance of the work of the Organization in such challenging times marked by several crises: climate, situation in Ukraine, inflation, but also a shortage of personnel and skilled tourism workers during the current recovery from COVID-19.
7. He also mentioned the relevance of the discussions during the Executive Council regarding the "Redesigning Tourism for the Future" Task Force. The decisions will be relevant for the further work of UNWTO and the PBC. It is relevant for the PBC to understand the possible implications of the mandate of the Task Force for the programme and the budget of UNWTO and therefore also for the PBC.
8. He also thanked Argentina for its kind proposal to present the PBC report during the Executive Council on behalf of the Chair.

II. Implementation of the General Programme of Work (CE/117/3(b) rev.1)

9. The Executive Director presented the main activities carried out by UNWTO Secretariat during the related period, and those in the pipeline for 2023 – reflecting the Secretary-General's Report to the Executive Council.
10. She recalled that building resilience for inclusive societies and prosperous economies – while supporting the sector's transformation – remains a key element of UNWTO activities, as reflected in the different objectives and priorities of the Organization's programme of work. She added that the Organization should be innovative and creative for supporting some flagship initiatives and that resources and voluntary mechanisms to finance them, engaging one or several Members, should be put in place.

11. The PBC Chair fully supported such proposal and invited the Secretary-General to further build mechanisms allowing Member States to join in funding key UNWTO initiatives on a voluntary basis.
12. Finally, the Committee recommends the Executive Council to approve the report CE/117/3(b) rev.1.

III. Report on the financial situation of the Organization (CE/117/3(c) rev.1)

13. The Chief of the Budget and Finance Department underscored the uncertainty on the financial outlook of UNWTO due to international events, the coronavirus pandemics and the conflict in Ukraine and the sanctions on Russia, as well as the impact of the unprecedented high inflationary rates in Spain and Europe and presented the following points:
 - (a) The UNWTO Financial Report for the periods ended 30 June 2022 and 30 September 2022, including the following:
 - (i) The updated Plan of income and expenditure of the Regular Budget for the financial year 2022 presented by the Secretary-General at 30 June 2022 and at 30 September 2022,
 - (ii) The Secretary-General's proposal on the Replacement Reserve, as already authorized by the EC Chair, to allocate the amount of EUR 250,000 to the Headquarters (HQ) infrastructure improvement project, and
 - (b) The revised appropriations of the Regular Budget at 30 June 2022 and at 30 September 2022 and the projects with UNWTO and donors' contributions for the periods ended 30 June 2022 and 30 September 2022 The UNWTO Financial Report and Audited Financial Statements for the year ended 31 December 2021 including the following:
 - (i) The Financial Statements, in compliance with UNWTO Financial Regulations and Rules and International Public Sector Accounting Standards (IPSAS), were subjected to external audit and received an unqualified (positive) audit opinion in the report of the External Auditor;
 - (ii) The discussion and analysis of UNWTO's financial position and financial and budgetary performance for the financial year ended 31 December 2021 including the net assets/equity analysis, the mitigating actions which may be undertaken to respond to a possible severe downside scenario
 - (iii) The Secretary-General's proposals to allocate the 2021 RB budgetary cash surplus to the General Fund to increase the RB programme of work operating activities in the forthcoming biennium 2024-2025,
 - (iv) The Regular Budget appropriation transfers in accordance with Financial Regulation 5.3(a) and 5.3(b) The cofinancing projects with UNWTO and donors' contributions for the period 2021.
14. The Chief of Budget and Finance also informed the Committee on the detailed after-service employee benefits funding projections and payroll charge analysis as presented in this document.
15. The PBC Chair expressed serious concerns regarding the high inflation in Spain, which impedes a proper implementation of planned activities of the Programme of Work. **He proposed that the issue be brought to the Executive Council and strongly supports an increase in membership contributions for the next biennia to at least offset the inflationary component.**
16. The Executive Director thanked the Programme and Budget Committee for its support to increase the budgetary estimates and Members' assessed contributions for the next biennia to maintain the real resource levels available to carry out the Organizations activities, and raises that, though it is still too early to determine the proposed contributions increase, it could be in a range of 10%-20% in 2024 and in 2025.
17. The Committee recommended the Executive Council to approve the report CE/117/3(c) rev.1.

IV. Human resources report (CE/116/3(d) rev.1)

18. The Chief of the Human Resources Department presented the various issues related to the human resources situation of the Organization and provided brief statistical facts demonstrating significant advancements towards gender parity across personnel.
19. The Chief of Human Resources, also informed the Committee on other relevant developments in this area, such as a) post-pandemic support, including health and well-being and psychosocial reinforcement, and progressive return to the office, emphasizing on safety measures being observed and the provision of psychosocial support services to personnel as well as trainings, this having a positive impact on members of personnel; b) the implementation of HR IT tools that allow to increase customer-service efficiency and client-responsiveness, allowing for faster data-driven solutions, contributing to a "paper-free" environment; c) recruitment, notably the finalization of several recruitments, particularly also for the Regional Office for the Middle East and the large number of initiatives in the area of learning and development, focusing on a wide range of topics ranging from accessibility, conflict management, public speaking, resilience, stress and self-regulation, burnout and workplace mental health and well-being; d) gender and diversity and the participation in various UN system-wide initiatives allowing for the Organization to implement good practices in these areas, as well as full transparency; e) amendment to the Staff Rules and review and development of HR policies to ensure alignment with the UN system, notably in the areas of sexual exploitation and abuse, flexible working arrangements, parental leave, gender and diversity and anti-discrimination; f) results of the ICSC cost-of-living survey carried out in 2021, resulting in a positive increase in net remunerations for Madrid and Geneva and g) collaboration with other UN activities and surveys.
20. Members of the Organization were also encouraged to support the development of the Official on Loan and Junior Professional Officer programmes for the development of talent of tourism experts.
21. At the request of the PBC Chair, further explanations were given regarding the need for additional funding towards staff posts in the Secretariat. The Chief of Human Resources responded that the extensive work that is carried out by the Organization can only be achieved by highly qualified individuals and that, to remain at the forefront, the Organization needed to further ensure its human resources, improve on its conditions of services and offer attractive working conditions to allow to attract and retain the best talent for the benefit of the Organization and its Members. Further clarifications were given regarding the possibility of providing funding for fixed-term staff posts against extra-budgetary funds.
22. The Committee recommended the Executive Council to approve the report CE/117/3(d).

V. Survey for the preparation of 2024-2025 Programme of Work

23. The Secretariat informed about the different phases of the Members' Priorities survey (Full and Associate Members) for the preparation of the Programme of Work 2024-2025, as well as the long-term vision for the Organization and the outlook for the sector.
24. The Committee formally endorsed the questionnaire as proposed by the Secretariat and decided to hold a specific meeting to discuss the results of the survey during the first semester of 2023.

VI. Place and date of the 23rd session of the Programme and Budget Committee

25. As stated in the previous point, the Secretary-General, together with the Chair of the Programme and Budget Committee, would decide about modalities of a special PBC meeting regarding the results of the survey during the first semester of 2023. Another meeting will then take place immediately before the 118th session of the Executive Council, to review the necessary documents submitted to it.

Annex I: List of participants

1. Chair**Switzerland**

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Mr. Richard Kämpf
 Head of Tourism Affairs, Promotion Activities Directorate
 Focal Point for UNWTO
 State Secretariat for Economic Affairs (SECO)

Mr. Christoph Schlumpf
 Scientific Collaborator
 State Secretariat for Economic Affairs (SECO)

2. Vicechair**Peru**

Sra. Isabella Morante
 Practicante
 Dirección de Facilitación y Cultura Turística
 Ministerio de Comercio Exterior y Turismo

Sra. Veralucia Abate Correa
 Analista en Cooperación y Relaciones Internacionales
 Dirección de Facilitación y Cultura Turística
 Ministerio de Comercio Exterior y Turismo

3. Members**Africa:****Morocco**

Mme. Hasnae Zerrouq
 Directrice de la stratégie et de la coopération
 Point focal pour l'OMT
 Ministère du Tourisme, du Transport Aérien, de l'Artisanat et de l'Economie sociale et solidaire

Tanzania

Ms. Sekela J. Mwambegele
 First Secretary at the Embassy of the United Republic of Tanzania in Paris

Richie Wandwi
 Assistant director
 Ministry of Natural Resources and Tourism

Prof. Eliamani M. Sedoyeka
 Permanent Secretary
 Ministry of Natural Resources and Tourism

Ms. Maria C. Nyamsekela
 Tourism Officer
 Ministry of Natural Resources and Tourism

Americas:

Argentina

Sra. Ana Inés García Allievi
 Directora de Relaciones Internacionales
 Punto focal para la OMT
 Ministerio de Turismo y Deportes

East Asia and the Pacific:**Japan**

Mr. Moe Nakamura, Deputy Director
 Japan Tourism Agency,
 Ministry of Land, Infrastructure, Transport and Tourism

Mr. Masateru Nakamura, Chief Officer
 Japan Tourism Agency,
 Ministry of Land, Infrastructure, Transport and Tourism

Mr. Yuki Koinuma, Chief Officer
 Japan Tourism Agency,
 Ministry of Land, Infrastructure, Transport and Tourism

Mr. Yuka Asai, Chief Officer
 Japan Tourism Agency,
 Ministry of Land, Infrastructure, Transport and Tourism

Malaysia

Mr. Jayapragas Muthuveeroo
 Senior Principal Assistant Secretary
 Tourism Policy and International Affairs
 Ministry of Tourism, Arts and Culture

Ms. Meera Devi Daran
 Senior Assistant Secretary
 Tourism Policy and International Affairs
 Ministry of Tourism, Arts and Culture

Europe**Spain**

Mr. Félix de Paz
 Deputy Director General for Tourism Cooperation and Competitiveness
 State Secretariat for Tourism
 Ministry of Industry, Trade and Tourism

Middle East:**Saudi Arabia**

Mr. Sultan Almusallam
 General Manager of International Affairs
 Ministry of Tourism

Ms. Razan Yousef
 Multilateral Affairs Manager
 Ministry of Tourism

Mr. Hussam Alharbi
 Multilateral Affairs Senior Specialist
 Ministry of Tourism

South Asia:

India

Mr. Roshan Thomas
Deputy Secretary
Ministry of Tourism

Sri Lanka

Ms. Rajeeka Ranathunga
Assistant Director- International Relations
Focal Point for UNWTO
Sri Lanka Tourism Development Authority

Representatives of the Affiliate Members

Chairman of the Affiliate Members Board (2025)
Asociación Empresarial Hotelera de Madrid (AEHM), Spain
Ms. Mar de Miguel

4. UNWTO Secretariat

Zoritsa Urosevic, Executive Director
Mikheil Ninua, Director of Administration
Beka Jakeli, Chief, Member Relations
Mónica González, Chief, Budget and Finance
Paolo Velasco, Chief, Human Resources
Philippe Lemaistre, Internal Coordination Officer