

**Report of the Programme and Budget
Committee**

CE/118/PBC
Madrid, 9 May 2023
Original: English

The Programme and Budget Committee met on 9 May 2023, 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-third 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

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

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-third meeting on 9 May, 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 highlighted the crucial role of the Programme and Budget Committee as the main sub-organ of the Executive Council.
3. The members of the Committee proceeded to address the following documents, which are submitted to the Executive Council at its 118th session (Punta Cana, Dominican Republic, 17 May 2023).

	Documents
General Programme of Work	CE/118/3(b) rev.2
Financial situation of the Organization	CE/118/3(c)
Human resources	CE/118/3(d)

4. In his communication, the Chair, Switzerland, highlighted the relevance of the work of the Organization in such challenging times marked by several crises: situation in Ukraine, inflation, and recovery from COVID-19. He underlined the importance to be united and coordinated to face such challenges.
5. He also emphasized that inflation has had a negative impact on the financial situation of the Organization and that he hoped that the PBC Members will support the UNWTO Secretariat in these special circumstances.

II. Implementation of the General Programme of Work (CE/118/3(b) rev.2)

6. The Executive Director presented the main activities carried out by the UNWTO Secretariat during the related period, and those in the pipeline for 2023, reflecting the Secretary-General's Report to the Executive Council.
7. She also presented some initial findings of the survey among Members for the preparation of the Programme of Work 2024-2025, and some revised priorities and objectives for the next biennium. She reiterated that the Organization should be innovative and creative in supporting some flagship initiatives and that resources and voluntary mechanisms to finance them, by engaging one or several Members, should be put in place.
8. The PBC Chair fully supported such proposal allowing Member States to join in the funding of key UNWTO initiatives on a voluntary basis.
9. Finally, the Committee recommends the Executive Council to approve the report CE/118/3(b) rev.2.

III. Report on the financial situation of the Organization (CE/118/3(c))

10. The Chief of the Budget and Finance Department underscored the uncertainty on the financial outlook of UNWTO due to experienced and predicted high inflation rates in Spain and Europe and presented the following agenda items:
 - (a) Closing of the twenty-third financial period. The Audited Financial Statements for the years ended 31 December 2020 and 2021, the budgetary cash balance of the Regular Budget and of the Working Capital for the same periods are presented for closure;

- (b) UNWTO Financial Report and Financial Statements for the year ended 31 December 2022. At the time of this meeting, the 2022 Financial Statements, in compliance with UNWTO Financial Regulations and Rules and the International Public Sector Accounting Standards (IPSAS), are being subjected to external audit; they will be submitted to this Committee together with the 2022 Financial Report upon audit completion;
 - (c) The UNWTO Financial Report for the period ended 31 March 2023, including the following:
 - (i) The Plan of income and expenditure of the Regular Budget for the financial year 2023 at 31 March 2023 with the commitment to restrict expenditures to available and expected cash resources;
 - (ii) The Replacement Reserve proposals to allocate the amounts of EUR 27,000 for a digitalization project for the Statistics Department, and of EUR 380,000 for the enhancement of the financial management information system, and
 - (iii) The revised appropriations of the Regular Budget and the projects with UNWTO and donors' contributions for the period ended 31 March 2023;
 - (d) Draft Budget for the period 2024-2025 with the following explanations:
 - (i) Since 2009 and until 2022 the Regular Budget (RB) has been mainly maintained at a zero nominal growth of assessed contributions due to a combination of factors;
 - (ii) The impact of inflation on the regular budget and change in membership would require increases in the assessment of Members of above 15.9% in 2024 and 2.2% in 2025 in order for the Organization to operate at the already sub-optimal capacity levels;
 - (iii) Within the UNWTO Formula for fixing the contributions of Member States, the contributions formula increase threshold is limited to 7.5% per year. Other additional allocations to the Regular Budget, mainly previous years' RB and publications store cash surpluses, have decreased compared to previous years;
 - (iv) In this context, the Secretary-General proposes to increase Members' contributions for 2024 by 7.5% over the 2023 level and for 2025 by 7.5% over the 2024 level to partially offset the negative impact of high inflation on expenditures, the loss of other income and the change in membership, as well as for UNWTO to follow the practice of most of UN organizations in increasing assessed contribution collection due to inflation. In order to maintain current structure cost increase, and to avoid a material decrease of the non-staff costs the vacancy rate is to be maintained at 23% of the approved posts.
 - (e) The provisions of Article 34 of the Statutes and/or paragraph 13 of the Financing Rules attached to the Statutes are applied to 27 Members at 31 March 2023;
 - (f) An overview of the approach of the Secretariat in collecting membership contributions and arrears as requested by the 117th Executive Council.
11. The Chief of Budget and Finance also informed the Committee on the main unaudited financial highlights of 2022 including: the proposal of the Secretary General to allocate the 2022 Regular Budget budgetary surplus to the General Fund to use as an additional allocation for the 2024-2025 RB; the after-service employee benefits liabilities material decrease due to the increase in interest rates; and in consequence, the positive net assets of the Organization at 31 December 2022.
 12. The PBC Chair expressed his concerns on the implementation of planned activities of the Programme of Work within the tight Regular Budget for 2023 and for the next biennium (2024-2025) and strongly supports the proposed increase of membership contributions by 7.5% in both years 2024 and 2025 over the previous corresponding year to at least partially offset the inflationary component.
 13. The Executive Director thanked the Programme and Budget Committee for its support to increase the Members' assessed contributions for the next biennium.
 14. The Committee recommended the Executive Council to approve the report CE/118/3(c).

IV. Human resources report (CE/118/3(d))

15. 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.
16. The Chief of Human Resources informed the Committee about the use of affiliated personnel, currently representing approximately 50% of the Organization's workforce, to palliate the significant growth in activities and projects over the recent years. The Chief of Human Resources explained that affiliated personnel, namely service contract holders, should only be hired to provide temporary and non-permanent support and he expressed the need for Member States to consider the allocation of additional resources for fixed-term staff positions, which are more permanent in nature, in view of reinforcing the needs of the Organization.
17. The Chief of Human Resources, also informed the Committee on other relevant developments in this area, such as (a) the finalization of several competitive recruitment processes; (b) the development of a training analysis, carried out in consultation with the Staff Association Committee, supervisors and their teams, to foster training needs of personnel and the Organization, in line with its Programme of Work; (c) the implementation of an HR cloud-based solution aimed at increasing client-responsiveness, efficiency and sustainability, expected to go live in May-June 2023; (d) the significant developments of the internship programme to recognize the importance of youth development in the areas of education and employment; (e) health and well-being and the various activities undertaken in the areas of psychosocial support, training tools and participation in United Nations system-wide initiatives; (f) diversity and inclusion, demonstrating the Organization's commitment through participation in several mechanisms such as the *United Nations system-wide action plan for mainstreaming gender equality and the empowerment of women (UN-SWAP)* and the United Nations gender parity dashboard, among others; (g) the amendments proposed to the Staff Regulations and Rules for the purpose of implementing a United Nations system-wide unified policy on parental leave, improving the conditions of personnel in this area and fostering good practices in the area of work-life balance; (h) the development of several policies, mainly in the areas of flexible working arrangements, addressing sexual exploitation and abuse, parental leave, gender and diversity, anti-discrimination, among others; and (i) the proposed amendments to the statutes of the International Civil Service Commission, for the purpose of further clarifying its mandate.
18. 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, particularly in view of the stretched resources of the Organization.
19. The PBC Chair offered further support towards the consideration of additional staff posts in the Secretariat.
20. The Committee recommended the Executive Council to approve the report CE/118/3(d).

V. Place and date of the 24th session of the Programme and Budget Committee

21. It has been agreed that a special meeting of the Committee could be organized during summer to support the Secretariat in the preparation of the draft Programme of Work 2024-2025 and beyond, for a prosperous future of the tourism sector and the Organization.
22. In addition to this special meeting, the Committee will have its regular meeting immediately before the 119th session of the Executive Council, to be held in Samarkand, Uzbekistan. The Chair expressed his preference for this meeting to be presential.

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Annex I: List of participants

1. Chair**Switzerland**

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**

Sr. Carlos Albán
 Director
 Dirección de Facilitación y Cultura Turística
 Ministerio de Comercio Exterior y Turismo

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

M. Omar DINIA
 Chef de la Division de la Coopération
 Ministère du Tourisme, du Transport Aérien, de l'Artisanat et de l'Economie sociale et solidaire

M. Adil BENSOUDA
 Chef du Service des Organisations Spécialisées
 Ministère du Tourisme, du Transport Aérien, de l'Artisanat et de l'Economie sociale et solidaire

M. Ayoub MOUSSAHI
 Chargé de la Coopération Multilatérale
 Ministère du Tourisme, du Transport Aérien, de l'Artisanat et de l'Economie sociale et solidaire

United Republic of Tanzania

Dr. Hassan Abbas Said
 Permanent Secretary
 UNWTO Focal Point
 Ministry of Natural Resources and Tourism

Richie Wandwi
 Assistant Director
 Ministry of Natural Resources and Tourism

Americas:**Argentina**

Lic. Ana Inés GARCÍA ALLIEVI
 Directora de Relaciones Internacionales
 Ministerio de Turismo y Deportes

East Asia and the Pacific:**Japan**

Yoshihiro TABATA
Deputy Director
Ministry of Land, Infrastructure, Transport and Tourism
Japan Tourism Agency

Tatsuya/ARAI
Special Assistant to Director
Ministry of Land, Infrastructure, Transport and Tourism
Japan Tourism Agency

Tomohiro MIYAKE
Officer
Ministry of Land, Infrastructure, Transport and Tourism
Japan Tourism Agency

Yuka ASAI
Chief Officer
Ministry of Land, Infrastructure, Transport and Tourism
Japan Tourism Agency

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

Middle East:**Iraq**

Ali Y. Abudalredha
Director of International Relations
Ministry of Culture & Tourism

Saudi Arabia

Majed Al-Mutairi
Multilateral Affairs General Manager
Ministry of Tourism

Ms. Razan Yousef
Multilateral Affairs Manager
Ministry of Tourism

Naffal Al-Kahtani
Multilateral Affairs Specialist
Ministry of Tourism

South Asia:

India

Mr. Roshan M Thomas
Deputy Secretary
Ministry of Tourism, Government of India

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, Director, External Relations
Mónica González, Chief, Budget and Finance
Paolo Velasco, Chief, Human Resources
Philippe Lemaistre, Internal Coordination Officer