



VIENNA CHAPTER

STATEMENT OF THE G-77 AND CHINA FOR THE 40TH ANNIVERSARY OF UNIDO, DELIVERED BY H.E. AMBASSADOR HORACIO BAZOBERRY, PR OF BOLIVIA 29 NOVEMBER 2006

Mr. President,
Honorable Ministers and Vice Ministers,
Permanent Representatives to UNIDO,
Your Excellencies,
Distinguished delegates,
Ladies and Gentlemen,

Almost forty years ago, the United Nations General Assembly adopted a resolution establishing the United Nations Industrial Development Organization (UNIDO) as its industrial development arm. In 1985, UNIDO became an international specialized agency.

Throughout its history, UNIDO has achieved important successes in terms of fighting poverty and promoting sustainable development through productive capacities in the industrial sector. Its creation, forty years ago, made the case for the promotion of industrial development as an indispensable part of the overall national and international efforts to overcome poverty and underdevelopment.

Though adapting itself to the variable circumstances of the time, UNIDO's mandate remains as meaningful as it has been forty years ago.

It is only fair to acknowledge that the history of an international organization is made up of a continuous series of challenges. In the case of UNIDO, the various challenges took up the more extreme form of a threat to the very existence of this Organization. Thanks, though, to the commitment of its Member States and to the relentless dedication of its staff, UNIDO has been able to pave the way for its recovery, creating a sound basis for improving its presence amongst the international development community and the impact and extent of its activities in the field.

The Group of 77 and China avails itself of this opportunity to express its recognition and gratitude to all Member States and to the UNIDO staff for their important contribution to that end. The Group also avails itself of this opportunity to pay tribute to the former Heads of UNIDO - the late Ibrahim Helmi Abdel Rahman from Egypt (may his soul rest in peace); H.E. Abd-El Rahman Khane from Algeria; H.E. Domingo Siazon Jr. from the Philippines; H.E. Mauricio de Maria y Campos from Mexico; H.E. Carlos Alfredo Magariños from Argentina - as well as to the current Director General of UNIDO, H.E. Dr. Kandeh Yumkella, for their guidance and extensive work on behalf of the objectives pursued by this Organization.

Today, there is an increasing recognition of the need and scope for improving the international architecture dedicated to international development. That recognition calls for more efficiency, more transparency, more partnerships and more funding so

as to enhance the scope and effectiveness of international development activities. UNIDO has not alienated itself from this debate, and shall continue to pursue its efforts, in a frank and constructive dialogue with its Member States and other development partners, in order to mobilize funds and build up alliances within the international development arena, while upholding its name and goals.

Economic trends in emerging economies provide a compelling example of how industrial development can act as a powerful tool to unleash productive capacities and to achieve higher and more sustainable levels of development.

To attain that goal, though, many elements are required. Substantive knowledge, strategic vision and the capacity to formulate and implement long term policies are part of that. The same goes for initiatives in the fields of technical cooperation, investment promotion and trade capacity building. Due attention must also be given to the sustainable generation and use of energy for productive purposes, as well as to ways to raise the efficiency and to minimize the environmental impact of industrial initiatives.

Countries could largely benefit from a more consistent and reinvigorated commitment to international cooperation within the areas mandated by UNIDO. This commitment would have a clear impact on the attainment of higher and more sustainable levels of development, in line with the overarching goals established in this field. The creation of productive capacities in the industrial sector provides an important tool to tackle some of the most pressing issues of the development agenda. UNIDO has a role to play in that regard. That's what we expect from this Organization. That's what we are here, on the celebration of its 40th anniversary, to stand up for.

Thank you.

Statement of the G-77 and China during the 32nd session of the IDB, delivered by H.E. Ambassador Horacio Bazoberry, PR of Bolivia, 29 November - 1 December 2006

Mr. President,

It gives me great pleasure, on behalf of the Group, to see you again chairing this meeting. The Group is confident that your experience and diplomatic skills will lead to a successful and fruitful conclusion of this session. I also wish to avail myself, of this opportunity to express the Group's appreciation for the arrangements of the meeting as well as the provision of the necessary documentation by the Secretariat.

Mr. President,

The Group of 77 and China expresses its unreserved appreciation to Mr. Kandeh Yumkella for his opening statement and would like to express its gratitude for the arrangements made during the fortieth anniversary. The initiatives taken by UNIDO in organizing the anniversary celebrations as well as the panel discussions on "Reducing poverty through sustainable industrial growth" were well received.

The Group is thankful to UNIDO for co-hosting the 40th meeting of the Chairmen/Coordinators of the G-77 in June 2006. The "Vienna Spirit" document

adopted at the meeting and issued as General Assembly document A/60/907 clearly brings out the importance of UNIDO's South-South technical cooperation programmes and its valuable work in trade capacity-building and energy for development.

The Group of 77 and China takes note of the High-Level Panel's report and looks forward to be further informed of its content. The Group hopes that the context and unique perspective of UNIDO as well as its specific activities are fully considered in the report. In this respect, the Group appreciates Director General's efforts to involve in serious discussions with the Panelists and expects to have further briefings from the Secretariat on the implications of the report on UNIDO's activities.

The Group would be making comments on the Agenda items 2, 3, 4, 5, 6 in the course of discussions on these items. I would restrict my intervention to comment on item 2 for this opening statement.

Agenda item 2: Report of the Programme and Budget Committee Agenda Item 2: (a) Report of the External Auditor, financial performance report and programme performance report for the biennium 2004-2005

Mr. President,

The Group of 77 and China takes note of the detailed information provided in the documents IDB.32/2, IDB.32/3 and IDB.32/4.

The Group thanks the External Auditor for the report, and commends the Secretariat for External Auditor's positive assurance about the financial records of UNIDO.

As regards External Auditor's observations on the Office of the Internal Oversight Services, while the Group of 77 and China appreciates the progress in some areas, it is concerned to note that the Office did not attend to some assignments on its work plan for 2004-2005. The Group hopes that measures will be taken to appropriately address this, as well as the other observations of the External Auditor.

The Group finds External Auditor's observations on performance management pertinent and considers their implementation important so as to achieve results-based-management in the Organization.

The Group of 77 and China is concerned over the weaknesses pointed out by the External Auditor with regard to non-expendable property, which is despite the fact that the Auditor had already similar observations in his report for the biennium 2002-2003. The Group urges the Secretariat to undertake any appropriate measures in that regard.

The Group would like to request the Secretariat to address External Auditor's observations on procurement practices of the Organization and hiring of consultants and experts services. The Group would also like to emphasise the importance of maintaining a level playing field in these two areas of Organizational activity for individuals/companies belonging to different countries/regions.

The Group of 77 and China takes particular note of the External Auditor's observations on field offices and calls upon the Secretariat to take steps to tackle the

weaknesses pointed out by the Auditor.

As regards External Auditor's observations about the Information and Communication Technology (ICT) Control Environment, the Group of 77 and China calls upon the Secretariat to address the issues raised therein, so as to ensure a safe, secure, and reliable communication system / information database and back up systems.

Agenda Item 2: (b) Financial Situation of UNIDO

The Group of 77 and China takes note of document IDB.32/7.

The Group notes with satisfaction that the collection rate of the assessed contributions during the years 2004-2005 was 91.6%, a respectable figure.

The Group of 77 and China appeals to all the States having financial obligations to the Organization to fully settle their constitutional obligations towards the Organization. The Group also calls upon the Secretariat to continue its efforts to effect full payment of the outstanding amounts.

The Group notes that the spending rate during 2004-2005 was a little lower than that in the previous biennium. While urging all Member States for timely payment of their assessed contributions, the Group also reiterates that the financial resources provided to the Organization need to be utilized evenly, efficiently, effectively and to the maximum extent possible. Agenda Item 2: (d) Mobilization of Financial Resources
Mr. President,

The Group of 77 and China takes note of document IDB.32/6 regarding mobilization of financial resources.

The Group notes with satisfaction that voluntary contributions continued to show a positive trend. At the same time the Group requests the Secretariat to continue its efforts with the same enthusiasm and momentum to mobilize greater resources from all the available sources.

The Group of 77 and China encourages the donor community to consider enhancing its voluntary contributions to the Organization to completely fulfil the Integrated Programmes (IPs) and Country Service Frameworks (CSFs).

The Group takes note of the Secretariat's strategy to focus on its thematic priorities and appreciates the Secretariat's intention to enter into strategic partnerships with other development partners as well as developing adequate financial strategies to support such partnerships.

Agenda Item 2(e) Medium-term programme framework (MTPF), 2008-2011

Mr. President,

The Group of 77 and China takes note of the document IDB32/8.

The Group of 77 and China appreciates that the Secretariat is in the process of refining technical cooperation services in order to enhance the programmatic content

of UNIDO's activities. The Group would like to emphasize that special consideration should be accorded to the priorities and the requirements of the beneficiary countries. The Group also welcomes the information that modalities for implementation of the refined technical cooperation services will have greater focus on South-South cooperation as well as strengthened field representation.

The Group also commends the continuity achieved through the preparation of MTPF 2008-2011 on the foundation of the preceding MTPF 2006-2009.

Agenda Item 2(f): Accounting standards

Mr. President,

The Group of 77 and China appreciates the insightful analysis prepared by the Secretariat contained in document IDB.32/12 on the impact of the adoption of the International Public Sector Accounting Standards (IPSAS) on UNIDO's financial management system.

The Group recognizes that the adoption of IPSAS would bring UNIDO's financial management system at par with current international accounting standards and practices and aligns it with the main directions of the accounting system of the United Nations.

The Group supports the adoption of IPSAS by UNIDO, and requests the Secretariat to finalize its action plan on this process, and to reflect the necessary adjustments in the Financial Rules and Regulations as well as the expected cost to the Organization in its budget for the next biennium, for approval by the Governing Bodies in 2007. Thank you Mr. President.

Item 3: Implementation of the Cooperation Agreement with the United Nations Development Programme

Mr. President,

The Group of 77 and China, takes note of GC.11/Res.5, IDB.32/11 and IDB.32/14.

The Group, having considered the essential findings of the Joint Assessment of the Pilot phase of the Cooperation Agreement and the elements contained in the management response, believes that the urgent establishment of the joint task force (UNIDO/UNDP) to address the shortcomings of the implementation of the Cooperation Agreement is of utmost importance.

The Group would like to emphasize that the financial and operational sustainability of the existing UNIDO desks, should be clearly worked out prior to any kind of expansion. While the main objective of UNIDO is field expansion, however, the Group believes, that the extension of UNIDO Desks should not be done by the closure of some of the existing UNIDO Country Offices. Moreover, the Group would like to reiterate that UNIDO's ability to deliver on its core competencies should not be sacrificed by stretching its resources beyond its means. Similarly, extra attention

should be paid to joint funds mobilization for Private Sector Development (PSD).

The Group invites UNIDO to place before its Governing Bodies, prior to the expiry of the Cooperation Agreement, a fully-fledged independent evaluation, for consideration of Member States.

So as to not disrupt technical cooperation delivery and in support of the existing arrangements, the Group requests Member States to encourage UNDP to support the agreement through substantive contribution and ensure country level funding to UNIDO Desks.

Similarly, the Group also invites the donor community to continue co-funding of the joint programmes developed under the agreement as well as the UNIDO Desks;

Finally, the Group believes that other parallel arrangements should be pursued by UNIDO for expansion of field representation and added visibility. Thank you Mr. President.

Agenda item 4: Implementation of the Medium Term Programme Framework 2006-2009

Mr. President,

The Group of 77 and China takes note of the document IDB32/13.

The Group notes with satisfaction to note the information that since last session of the IDB there have been significant further developments in the areas of (i) Introduction of results-based-management (RBM), (ii) Programmatic enhancements, (iii) Strengthening of field operations, and (iv) Fund Mobilization

As regards the application of RBM principles in the MTPF 2006-09, the Group appreciates that after operationalization of the outcome criteria and the measurement indicators, greater attention will be given to the developmental impacts of the projects in the broader context of national policies rather than just the implementation of the project.

The Group notes that the progress of introduction of the RBM principles is uneven in different thematic areas and encourages the Secretariat to continue working on the introduction of the RBM in all its activities.

The Group agrees that there is an important link between youth unemployment and migration. In fact the negative effects of youth unemployment may go well beyond migration. Therefore the Group welcomes the Secretariat's efforts aimed at developing a programme to reduce youth unemployment in partnership with other relevant organizations.

The Group commends the Director-General for his initiative in developing and implementing the field mobility policy. The enhancement of country-level focus of UNIDO activities and the allocation of appropriate funds to field offices grant them a degree of autonomy, which are an important step towards decentralization.

The Group has noted the information provided with respect to UNIDO access to GEF funding and appreciates Director General's efforts towards this end. The Group encourages the Secretariat to continue working on greater fund mobilization from currently funding sources as well as to explore new ones.

Agenda Item 4: (a) South - South Cooperation

Mr. President,

In the area of Programmatic Enhancement, the Group takes note of the establishment of UNIDO Centres for South-South Industrial Cooperation in various countries and hopes that these Centres will play an active role in enhancing South-South cooperation.

The G-77 and China welcomes the recent steps taken by UNIDO to initiate the establishment of specialized Centres for South-South industrial cooperation. The Group is pleased to note that negotiations have been concluded for the establishment of such Centres in China and India.

The Group also supports the establishment of similar Centres in Brazil, Egypt and South Africa. Development of such institutional infrastructure for South-South cooperation is essential to harness not only cooperation between developing countries, but also to connect "North-South-South" linkages.

In addition to establishing new Centres, the Group requests that the Secretariat undertakes necessary steps to utilize the existing capacity in other operating Centres, such as the Non-Aligned Movement Centre for South-South Technical Cooperation (NAM-CSSTC) in Jakarta, Indonesia, with a view to further strengthening its capacity for the benefit of all developing countries.

The Group believes that funding is one of the main challenging issues for the development and implementation of South-South Cooperation. In this regard the Group invites the donor community to further contribute to support the implementation of these projects, as well as the expansion of the South-South and North-South Cooperation. The Group also requests the Secretariat to enhance their fund mobilization activities in this field. Thank you Mr. President.

Agenda item 4: (b) Regional programme for Latin America and the Caribbean

Mr. President,

The Group of 77 and China expresses its satisfaction for the results of the first Expert Group Meeting for Latin America and the Caribbean, held in Vienna from 15 to 17 November 2006. At the same time, the Group appreciates the Secretariat's efforts for responding in a consistent and consensual manner to GRULACs request to develop a strategic and programmatic framework for the region.

The Group welcomes the important conclusions and recommendations of the Expert Group Meeting, in particular the establishment of an operational consultative mechanism, which shall include UNIDO's priorities for technical assistance in LAC countries during 2007-2009. The Group believes that those recommendations show a

promising future for an innovative common dialogue with the region, which should be permanent and ensure a coherent action between UNIDO's interventions and the priorities as well as the needs of the region.

The G-77 and China will continue to follow up the progress in the formulation of a Regional Program as requested in all relevant decisions and resolutions of UNIDO, as well as the conclusions and recommendations of the Expert Group Meeting of Latin America and the Caribbean. Thank you Mr. President.

Agenda item 5: Personnel Matters

Mr. President,

The G-77 and China takes note of document IDB.32/10 containing the developments on personnel-related matters which include information related to the field mobility policy. It agrees upon the importance of the policy to respond in an effective and timely manner to clients' needs and emerging challenges at the field level. It looks forward to the completion of the implementation of this process, as well as the efficient application by the Secretariat of the improved method of assessment of candidates.

The Group takes note of the amendments to staff rules contained in the above-mentioned document. It looks forward to be updated with further information about geographical distribution of staff, and gender balance in the Organization. Thank you Mr. President.

Agenda item 6: Number and Duration of Sessions

Mr. President,

The Group of 77 and China takes note of document IDB32/9.

The Group is in agreement with the idea of introducing efficiencies and economies in the conduct of sessions of the Programme and Budget Committee and the Industrial Development Board.

The Group believes that the current arrangements as far as the number and duration of the IDB and PBC are concerned should be maintained.

The Group is of the view that options other than eliminating or shortening of the sessions of PBC and/or IDB should also be explored. Thank you Mr. President.