



VIENNA CHAPTER

STATEMENT OF THE G-77 AND CHINA DURING THE 27TH SESSION OF THE UNIDO INDUSTRIAL DEVELOPMENT BOARD 26-28 AUGUST 2003 DELIVERED BY H.E. AMBASSADOR FEDERICO A. URRUELA PRADO, PR OF GUATEMALA ON BEHALF OF H.E. AMBASSADOR ROBERTO ABDENUR, PR OF BRAZIL

Mr. Chairman, (H.E. Mr. Raimundo Alberto Gonzalez Aninat)

It gives me great pleasure to congratulate you on behalf of the Group of 77 and China on your election as the Chairman of the 27th Session of the UNIDO Industrial Development Board. The Group is confident that your extensive experience and diplomatic skills would lead to a successful and fruitful conclusion of this session. I wish to also avail myself, on behalf of the Group, this opportunity to felicitate the other members of the Bureau on their election. The Group would also like to thank your predecessor H.E. Ambassador István Horváth Permanent Representative of Hungary for successfully steering the work of the last session of IDB. The Group also extends its appreciation for the excellent arrangements of the meeting as well as provision of necessary documentation by the Secretariat.

The Group of 77 and China welcomes the opening remarks of the Director General Mr. Carlos Magariños and assures him the Group's continued support and cooperation in carrying out the mandate of the UNIDO.

The Group of 77 and China strongly condemns the terrorist attack on the UN Headquarters in Baghdad. This tragic incident resulting in the loss of efficient and dedicated UN staff will lead to further deterioration of the safety and welfare of the Iraqi people.

The Group while expressing its condolence and sympathy with the family and friends of the victims, particularly Mr. Sergio Vieira De Mello, strongly believes that such a tragic incident should not cause a halt in the UN activities, particularly the implementation of the UNIDO programmes and projects in Iraq.

The Group would be making comments on the Agenda items 3, 4, 5, 6, 7, 8, 9, 10, and 11 in the course of discussions on these items. I would restrict my intervention to comments on items 3, 4 and 5 for this opening statement.

Item 3: Annual Report of Director General on the activities of the Organization.

The Group of 77 and China takes note of the document IDB/2-PBC/2 regarding the annual report 2002 of UNIDO. The Group supports UNIDO's efforts to play a key role in defining and implementing the international strategies to alleviate poverty by integrating it with sustainable industrial growth in the developing countries. The Group is convinced that that UNIDO's involvement in these activities has helped raise its profile in the international community in general and within the UN system in particular, as one of the world's leading developmental organizations.

The Group is of the view that UNIDO should further capitalise on its position as an executing agency of the Global Environmental Facility, through a more focussed and realistic approach in programme designs, planning and assessment and implementation.

The Group appreciates UNIDO's active participation in major international conferences during 2002, in particular the International Conference on Financing for Development and the World Summit on Sustainable Development as well as the initiatives undertaken by it during those two major conferences. The Group of 77 and China is of the view that such concrete initiatives will support fund mobilization for UNIDO's technical cooperation and help in the implementation of its programmes effectively.

The Group of 77 and China welcomes the approval of six new Integrated Programmes (IPs) and Country Service Framework (CSFs) in 2002 bringing the total number of IPs and CSFs to 51. The Group also notes that at the end of 2002, the total funds raised for these IPs and CSFs amounted to US\$ 105 million, resulting in total allotment of US\$ 92 million, against a total current figure (without programme support costs) of US\$ 256 million.

The Group expresses its concern over the continued lack of sufficient funding for projects implementation. The Group is of the view that UNIDO should strengthen collective efforts among all stakeholders i.e. UNIDO, donors and the recipients to enhance effective implementation of the projects through appropriate and timely fund provision.

The Group of 77 and China appreciates the further improvements introduced in management of UNIDO to make it more results oriented. These improvements would facilitate healthier operational environment, strengthen accountability and efficiency; contributing in achieving its goals.

The Group notes the improved performance in systematic independent evaluation to measure the efficiency and effectiveness of the programme and project. Such positive trends should be maintained and enhanced further in the years to come.

The Group commends UNIDO for its increased TC delivery per staff member by 8% over 2001 and the increased leverage ratio for TC services for one dollar of regular and operational budget which, improved by 7% during 2002 to 1.45, the highest since 1996. The Group feels, however, that TC delivery figures and percentages increases still remain minimal and calls upon UNIDO to redouble its efforts to enhance delivery.

Item 4: Report of the Programme and Budget Committee

(a) Interim report of External Auditor, financial performance report and programme performance report for the biennium 2002-2003

The Group of 77 and China takes note of the observations and recommendations contained in the interim report of the External Auditor for the biennium 2002-2003. The group is of the view that as recommended by the External Auditor, the newly created office of Comptroller-General should formally adopt the Professional

Practices Framework of the Institute of Internal Auditors' (IIA) and apply these standards in performing all internal oversight activities. It is hoped that the IOG would inter-alia provide advisory service to the UNIDO on improvement of performance. As recommended by the External Auditor a greater understanding of IOG's role needs to be enhanced amongst the management at all levels. G 77 and China further hopes that the deficiencies pointed by the External Auditor in the previous IOG would be removed by new office of Comptroller-General and henceforth a structural approach would be followed by UNIDO in this regard. The Group is satisfied to note that the secretariat has taken note of recommendations of the previous audit as well as the current interim report and implementation process has already been embarked upon.

(b) Financial Situation of UNIDO

The G-77 and China is pleased to note the improved rate of collection of assessment contribution towards UNIDO's regular budget, which was 93.1% during the year 2002. The Group hopes that this positive trend would provide impetus to improve service delivery.

The Group notes with concern that 50 member states are still without their voting rights owing to accumulation of arrears, and encourages affected members to make arrangement with the secretariat by either settling their dues altogether or make use of payments plan to have their voting rights restored.

The G 77 and China would take this opportunity to call upon the member states to pay their assessed contributions in full and in a timely manner. It would also like to call upon the former members that are in arrears with UNIDO to fulfill their constitutional obligations by settling their outstanding dues. The Group notes the positive response of the United States to settle its arrears towards UNIDO and requests the Secretariat to continue efforts in this regard while keeping the Member States informed of the outcome. The Group is optimistic that the countries, which left UNIDO in the past, would return in its folds thus further broadening and diversifying its composition.

(e) Financing of UNIDO programmes including new initiatives for fund mobilization

The Group notes that during 2002 net TC project and programme approvals from all sources of funds amounted to US \$ 93.4 million as compared to 85.6 million in 2001, an increase of 9 percent. This indicates a greater external donor response owing to UNIDO's focused approach. The maintenance of the level of funding from the Industrial Development Fund to about \$ 21.7 million and increase of Trust Fund financing to \$ 21.6 million, an increase of \$ 4.2 million is a matter of satisfaction. It is heartening to note that overall level of voluntary contributions by major donor Governments is gradually increasing.

It is encouraging to note that the net approvals from GEF sources during 2002 amounted to \$ 20.2 million, which is double the level in 2001. It is hoped that member states would provide support in the GEF governing bodies to ensure more projects to UNIDO from this source. UNIDO should also endeavor further to establish its credentials further as a trustworthy partner and executing agency for such projects. It is also hoped that UNIDO would make further efforts to get a greater share in UNDP Target Resource Assignment from Core (TRAC) funds.

The Group appreciates the two initiatives launched by UNIDO during major international conferences, International Conference on Financing for Development and World Summit on Sustainable Development to have greater fund mobilization. These initiatives pertained to trade facilitation for developing countries by strengthening their capability and the trust fund for rural energy for productive use. It is hoped that these initiatives would go a long way in achieving organizational goals of UNIDO through diversification of fund sources.

Item 5: Programme and Budget for 2004-2005

The G-77 and China support the Conclusion 2003/3 on the Programme and Budget for 2004-2005 of the 19th PBC, recommending to the Industrial Development Board to approve the gross expenditures estimated in Euros 145 013 300, in the amounts indicated in the aforementioned Conclusion, taking into account the need for resources stated in document IDB 27/3-PBC 19/3.

In consideration of the budget for biennium 2004-2005, submitted to the Board the G 77 and China would emphasize on the priority accorded to the implementation of Technical Cooperation programmes in the developing countries. The Group supports the Secretariat's efforts for fund mobilization through voluntary contributions and additional sources, including new initiatives and is of the view that all member states should endeavor to contribute in such efforts. The establishment of an informal consultative group on mobilization of resources, to be coordinated jointly by the Ambassadors of Italy and India, is a major step in this regard. The Group welcomes this initiative.

Item 6: Implementation of medium term programme framework 2002-2005

- Implementation of medium term programme framework 2002-2005 Report by DG - IDB 27/17
- Status of Integrated Programmes and Country Service Frameworks. Note by the Secretariat - IDB 27/CRP.6

The Group of 77 and China takes note of the document IDB 27/17, which is the Report by the DG on Implementation of the Medium Term Programme Framework 2002-2005.

The Group supports the recent thematic initiatives undertaken by UNIDO pertaining to facilitating market access, developing rural energy for productive use, and assisting in post-crisis recovery and rehabilitation. We also take note of the informal consultative group established to assist the Director General in implementing the initiative on trade and market access facilitation. The Group hopes that such activities will remain targeted at assisting the developing countries meeting their development needs.

The Group support UNIDO's efforts to strengthen linkages of its investment promotion activities with its environment and energy services; as also the measures being taken to promote cooperation with development financing institutions and national/regional equity funds. The Group supports UNIDO's approach to implement a policy that takes into account the special needs of the SMEs in view of their

important role in reducing poverty in developing countries. UNIDO's programmes to promote rural and women's entrepreneurship are also commendable. UNIDO's business partnership programme; technology foresight programme; and promotion of south-south cooperation to facilitate transfer of appropriate technology remain important facets of its role in strengthening industrial capacities in developing countries. Promoting environmentally sustainable development strategies and technologies for the food, textile, leather, wood and agro-machinery sectors form significant programmatic content for UNIDO.

Cooperation with GEF and Montreal Protocol related activities have become an important area of the Organization's activity. The Group takes note of the various activities being undertaken in this regard.

While the Group of 77 and China recognizes the importance of the Global Forum activities in raising the profile of the Organization in the UN and international system, we believe that such activities should remain clearly focused to facilitate technical cooperation delivery. The Group takes note of the active role played by UNIDO in major development conferences and hopes that this would help in meeting the above objectives.

The Group appreciates the launch of the 'Industrial Development Report 2002/2003: Competing through innovation and learning' last year, and notes the interest generated among Governments, industry and support institutions.

Item 6(a): Update on preparations for the biotechnology forum

The G-77 and China would like to reiterate its support to the Global Forum on Biotechnology, to be held in March 2004 in Concepción, Chile. It commends the multiple efforts that are being made by the Government of Chile and UNIDO in the preparations and organization of this important initiative.

The Group feels that this important meeting, would for the first time congregate representatives of Governments, developmental organizations, entrepreneurs, scientists, academicians and of the civil societies and will allow, in an efficient way, the transference of biotechnology towards sustainable industrial development and the industrialization of developing countries.

The G-77 and China takes this opportunity to highlight the successful holding of the Regional Meetings in Africa and Latin America and the Caribbean as part of the preparatory process for the Global Forum and encourages the Secretariat to finalize its preparation of the Asian regional meeting as soon as possible.

(b) Field Representation

The Group is of the view that the field offices have a pivotal role in realization of UNIDO's overall objectives. It is important that the Regional Bureaux and Field Offices should accommodate the diverse regional situation and the specific needs of the recipient countries while in keeping with the UNIDO's Business Plan, Medium-term programme frame work for 2002-2005 and Strategic Guidelines "Towards improved UNIDO programme delivery.

The Group feels that fund mobilization is an important responsibility of the Regional Bureaux and Field Offices. The field representatives should not only be acting as a catalyst but should also seek out to bring together the stakeholders for industrial development. In this regard UNIDO Exchange should provide a more proactive platform for promotional and information activities with a view to increased effectiveness of its services.

Item 7: Medium Term Programme Framework 2004-2007

- Medium Term Programme Framework 2004-2007: Revised Proposals of the DG - IDB 27/14

The Group of 77 and China takes note of the document IDB 27/14 containing revised proposals of the Director General for the Medium Term Programme Framework for 2004-2007, which are to be formulated after the ongoing review of the technical cooperation delivery services is completed within the Organisation, on the basis of the Business Plan and the strategic guidelines "Towards improved UNIDO programme delivery" adopted by the Board last year.

The Group hopes that the ongoing review will be completed shortly and will lead to an improved integration of the programmes with the intended objectives, priorities and guidelines of the organization.

The Group notes that the existing eight service modules established under the MTPF for 2002-2005 will continue to provide the framework for the services of the Organization.

The Group again welcomes the development of thematic initiatives to help developing countries and countries with economies in transition in meeting pressing industrial development needs. The Group therefore calls upon the Director General to promote initiatives pertaining to market access, development of rural energy and assistance in post-crisis recovery and rehabilitation. The group calls upon UNIDO to intensify its industrial expertise, assisting further in rural and women's entrepreneurship development and foster the eradication of poverty, one of the Millennium Declaration goals. UNIDO should continue to build partnerships between the public and private sectors for effective implementation of the technical cooperation schemes.

Item 8: International Centre for Advanced Science and Technology

The Group takes note of the Director General's Report, contained in document IDB.27/22, highlighting the activities of the International Centre for Advanced Science and Technology within the working plan of UNIDO. The Group encourages the Secretariat to continue its cooperation with the Centre, keeping the Member States informed about the results of the work in the areas of selection, transfer and utilization of technology for the benefit of the developing countries.

Item 9: Activities of the Joint Inspection Unit (JIU)

The Group of G-77 and China has taken note of documents IDB-27/19, IDB-27/19/Add.1 and IDB-27/19/Add.2 on the activities of the Joint Inspection Unit and the comments of Director General on its review of management and administration.

The Group is in the process of evaluating the JIU's Review and the Director General's

comments. A comprehensive evaluation of these documents would require more time and entail certain clarifications by the secretariat as well as the study of actual recommendations to be circulated in IDB 27/CRP.3 and not merely the Executive Summary. An in-depth discussion on it could therefore be undertaken during the forthcoming General Conference of UNIDO. The Group would like to draw attention to the fact that the JIU's Review has taken an unusually long time of six years for submission. Some of the recommendations and observations have thus become redundant and overtaken by events. We understand that UNIDO has already taken cognizance of some observations in the meanwhile and action is in hand in many cases. Nonetheless the Group expects that where applicable the Secretariat would take into account the JIU's observations to improve the programmatic, financial and managerial efficiency of the Organization.

Item: 10 Personnel Matters

The Group of 77 and China would like to stress that the Secretariat should continue to strive for achieving a greater gender balance and equitable geographical distribution in recruitment for various posts in UNIDO. Further the vacancy announcements to the Member States should be made in a timely manner, allotting more time for making nominations. In this regard it appreciates a growing representation of female professional staff from the developing countries in the UNIDO Secretariat. The Group also urges the Secretariat to increase the representation of G-77 and China in the professional category and International Consultants of UNIDO. The Group's representation in these categories in particular, does not represent its potential, capability and equitable geographical proportion appropriately.

It is hoped that with the allocation of additional funds for re-costing during the next financial biennium to accommodate the salaries increased on the General Assembly recommendation, the current high vacancy ratio in UNIDO Secretariat would be reduced. This should lead to a greater output, organizational efficiency and increased technical cooperation delivery.

The Group supports the increased emphasis on human resource management in UNIDO including job related training to its staff.

Item 11: Consultation with Non-Member States

The Group of 77 and China takes note of the Report of the Director General on consultations with non-Member States contained in document IDB 27/20. The Group welcomes Monaco, who has become the 170th State, as well as Timor-Leste, the 171st State, to join the Organization this year. The Group appreciates the efforts made in the direction of initiating membership talks with several non-member states including San Marino, Antigua and Barbuda, Iceland, Tuvalu, Samoa, Liechtenstein and Singapore and hopes that these will lead to their membership.

In this regard, the Group also welcomes the formation of the Working Group to systematically pursue the matter of widening the membership of the UNIDO through discussions with non-Members and former Members along with the question of increasing voluntary contributions and recovery of arrears in assessed contributions. The Group hopes that this would help in achieving the objective of expanding the membership base of UNIDO.

Thank you Mr. Chairman.