



**G-77 and China statement during
the 52nd session of the Industrial Development Board,
25-27 November 2024,
delivered by H.E. Laura Gil,
Ambassador, Permanent Representative of Colombia**

**Item 3 - Annual report of the Director General for 2023: (a) Managing for results:
Update on the implementation of the medium-term programme framework 2022-
2025**

Thank you, Madam President,

1. On behalf of the Group of 77 and China, I would like to congratulate you, Her Excellency Ambassador Gabriela Sellner, on your election as President of this 52nd session of the IDB. I also congratulate the other members of the Bureau for their election. The Group is confident that under your able leadership, this session will lead to productive outcomes that will strengthen the role of UNIDO in promoting inclusive and sustainable industrial development.

2. The Group would also like to thank His Excellency Ambassador Magdi Ahmed Mofadal Elnour, Permanent Representative of Sudan, President of the 51st session and members of the Bureau for their hard work and dedication during the previous session.

3. The Group welcomes the accession of Palau, Solomon Islands and South Sudan as new Member States, thereby strengthening UNIDO's global presence and impact.

4. We take note of the introductory remarks by the Director General, Mr. Gerd Müller, on the activities and achievements of UNIDO and reaffirm our commitment to UNIDO's mandate; we look forward to fruitful discussions and constructive engagement throughout this session, with the aim of advancing our shared objectives for sustainable and resilient industrial growth.

Madame President,

5. Regarding the UNIDO Annual Report for 2023, the Group of 77 and China takes note of document IDB.52/2-PBC.40/2, which presents notable advancements in fostering inclusive and sustainable industrial development amid global challenges. The Group acknowledges the efforts of UNIDO and its Director General, Mr. Gerd Müller, in guiding the Organization's transformation, enhancing its ability to mobilize resources, support Member States, and address evolving needs in sustainable industrialization.

6. The Group acknowledges the substantial 44% increase in resource mobilization for technical cooperation in 2023, amounting to \$328.4 million. This growth, supported by strategic contributions from partners like the Global Environment Facility (GEF) and the Multilateral Fund for the Montreal Protocol, strengthens UNIDO's role in assisting Member States. We also recognize the 25% increase in technical cooperation delivery, reflecting donors' sustained confidence in UNIDO's capacity to drive sustainable development. The Group requests in this regard, the implementation of the OAC recommendation that technical cooperation delivery must be linked to the actual implementation of projects and programs and that the best indicator to measure this is the actual expenditure of TC projects and programs, and TC delivery should be measured by qualitative targets.

7. The Group emphasizes that the GEF resources shall be made available to all Member States without discrimination. In this regard, the Group requests UNIDO to make utmost effort to ensure that these resources will be available for all its members.

8. The Group remains strongly convinced that upholding multilateralism, including supporting an effective United Nations development system and to avoid promulgating and imposing any unilateral coercive measures and actions on developing countries not in accordance with international law and the Charter of the United Nations, is essential to improve solidarity, international cooperation framework and reinforce States' capabilities in accordance with their national priorities and goals.

9. The Group commends UNIDO's role in supporting Member States, upon request, regarding the appropriate measures pertaining to decarbonization and environmentally sustainable practices in key industrial sectors including through the Industrial Deep Decarbonization Initiative (IDDI), which promotes sustainable technologies in the steel and cement industries. The commitments made by various economies to increase demand for low-emission materials under the IDDI at COP28 represent a significant step towards reducing emissions in carbon-intensive sectors, and we encourage UNIDO to continue expanding this initiative.

10. The Group firmly believes that adequate, sustainable, effective and demand-driven technical and material assistance, transfer of technology, and provision of equipment, as well as sharing lessons learned and best practices, are key to the fair energy transition and sustainable industrial development. In this regard, the Group emphasizes that States that are in need of such support, shall be assisted to ensure that sustainable development will be achieved by all without discrimination.

11. We acknowledge UNIDO's work in promoting sustainable global and regional supply chains, including through digital technologies and artificial intelligence solutions. These efforts foster sustainability in production processes and assist Member States in meeting international standards.

Equitable Geographical Distribution of UNIDO Personnel

12. The Group reiterates its long-standing request for improvements in the equitable geographical distribution of UNIDO personnel, especially at senior and management levels. We again request an update on the impact of structural reforms within the Secretariat, including their influence on staff morale and geographic representation. We believe that equitable distribution is essential to reflect the diversity of Member States and foster greater inclusion.

13. The Group also reaffirms the importance of guaranteeing predictable, sufficient, and varied funding to support the organization's long-term financial sustainability. We encourage UNIDO to continue exploring innovative and diversified funding sources, including voluntary contributions and dedicated financial resources, to ensure the effective and continuous fulfillment of its mandate. We look forward to receiving an update on initiatives undertaken in this direction.

Expansion of Country Programmes (PCPs) and South-South Cooperation

14. To promote global development, the Group encourages UNIDO to consider strengthening existing and developing new Country Programmes (CPs) and Programme for Country Partnerships (PCPs) with a view to implementing more projects on agri-food industry, food security, industrial upgrading and adding value to products with high export potential so as to benefit the Global South. We also encourage UNIDO to intensify its efforts to expand these programmes and strengthen South-South and triangular cooperation to enhance collaboration and knowledge-sharing among developing countries.

15. The Group of 77 and China recognizes UNIDO's significant progress in promoting equitable opportunities, particularly in the inclusion of women and youth across its programs. The positive impact seen in the Middle East and North Africa region, where more women entrepreneurs are establishing successful businesses, serves as a valuable model. We encourage UNIDO to continue these impactful initiatives and extend them to all regions to promote inclusive and sustainable development.

16. The Group emphasizes the importance of promoting gender balance and gender equality and the empowerment of women (GEEW) in line with national laws and within the context of ISID, and in this regards welcomes the substantial 50% surge in projects directly addressing gender-related issues in 2023 and UNIDO's programmes and activities undertaken in the developing countries. The Group encourages the Director General to allocate sufficient resources to ensure the achievement of the GEEW-related results and targets.

17. The Group notes the divergent views of Member States of the Organization regarding the "UNIDO operational strategy for gender equality and the empowerment of

women 2024-2027” and stresses that the Reports of UNIDO shall use language that respects the cultural diversity of Member States.

Madame President,

18. The Group of 77 and China takes note of the critical findings raised in document the Assurance Review on UNIDO's Internal Governance Mechanisms, published on 5 November 2024, highlighting the need for immediate improvements in aligning the organization's purpose with its governance practices and daily operations. We note significant deficiencies in strategic direction, inter-divisional coordination, and clarity around the Director General's priorities, especially in key areas like clean energy, climate action, food security, and sustainable supply chains. The Group notes the management response annexed to the aforementioned document, including the commitment to further elaborate the needed measures, in particular through the ongoing formulation and update of management action plans, to address the findings and observations from this review. We also request additional periodic progress reports to ensure the implementation of the recommendations introduced by the External Auditor, the independent Oversight Advisory Committee and the Office of Evaluation and Internal Oversight.

19. The Group welcomes the revitalization of the Multilateral Diplomatic Committee (MDC). We are looking forward to its activities along with the resolution establishing the Committee.

20. The Group also welcomes the launch of the Group of Friends of Food Security in Vienna, co-chaired by Sudan and Italy, and calls upon UNIDO and Member States to support the activities of this Group, including by providing more resources and targeted investments to the agenda of food security, in accordance with UNIDO's mandate.

Thank you, Madam President.

Item 4 - Report of the Programme and Budget Committee

Thank you, Madam President,

1. The Group of 77 and China would like to convey its appreciation to H.E. Mr. Ferenc Dancs, Ambassador and Permanent Representative of Hungary and President of the 40th session of the Programme and Budget Committee, for the Report of the Programme and Budget Committee (PBC). The Group wishes to reiterate the following points:

(a) Report of the External Auditor for 2023

1. The Group takes note of the Report of the External Auditor on the accounts of the UNIDO for the financial year starting from 1 January to 31 December 2023, as contained in Document IDB.52/4-PBC.40/4.
2. The Group welcomes the continuation of the approach by the External Auditor to focus on three main areas of audit, namely, financial audit, performance audit and IT audit, with the aim of providing the best overview of the operations of UNIDO while keeping focus on risks and the interests of key stakeholders.
3. The Group is pleased with the sustained use of the classification system to categorize the findings and recommendations as either critical, high, medium, or low priority in terms of actions to be undertaken. We remain of the view that this methodology is a useful tool to make maximum use of UNIDO's limited resources.
4. In this regard, we note that, of the new recommendations by the External Auditor, 1 is considered of high priority and 6 are of medium priority. Nonetheless, the Group encourages the Organization to fully implement all these recommendations on an equal basis to further improve efficiency, transparency and motivation of employees. The Group also notes that the number of newly issued recommendations is limited given the significant number of open recommendations from prior years.
5. The Group urges UNIDO management to prioritize the implementation of these recommendations, in particular developing new technical cooperation guidelines, through a clear action plan with specific timelines and designated responsibilities to address and enhance the Organization operational capacity.
6. The Group further notes with concern that of the 57 recommendations from prior years that have been validated by the External Auditor, only 15 have been implemented while implementation of 33 are ongoing and 9 have not been implemented at all. We call upon UNIDO to strengthen its efforts to improve its rate of compliance with the recommendations of the External Auditor. We urge the Organization to continue working on the partially resolved observations and to address the open and ongoing issues in the report, regardless of their identified priority rankings.
7. The Group expresses its appreciation to Mr Alexei Kudrin and Ms Galina Izotova from the Accounts Chamber of the Russian Federation for their dedicated work and contribution to UNIDO as External Auditors from 2020 until 2023, and also welcomes Mr. Ali Hassan Rashwan, Undersecretary at the Accountability State Authority of Egypt, as the new External Auditor for the next biennium, with expectation of his professional judgement and independent audit to continue the work to help improve the operation of UNIDO.
8. Concluding, the Group strongly encourages the Organization to carry on with its initiatives that aim at streamlining, rationalizing, capacitating, and improving UNIDO's

management and operation, particularly with regard to the Organization's accountability mechanisms.

(b) Financial situation of UNIDO, including unutilized balances of appropriations

9. The Group of 77 and China takes note of the report by the Director General on UNIDO's financial situation as of 31 March 2024. We value the organization's efforts to manage its financial resources amid global challenges, and we reaffirm our commitment to supporting UNIDO's financial stability.

10. We note that regular budget appropriations for 2024 amount to €80.1 million, with an execution rate of 26.3% in the first quarter. Operational budget appropriations stand at €23.6 million, with an execution rate of 20.5%.

11. We also appreciate UNIDO's efforts to enhance efficiency through digitalization and the implementation of full cost recovery (FCR), which allow for maximized resource utilization. We encourage UNIDO to continue strengthening these initiatives, which we view as essential for optimizing project management and ensuring the Organization's long-term financial sustainability. In this regard, the Group supports the recommendation of the External Auditor, supported by OAC, to develop a cost accounting system to provide a mechanism to determine the actual cost in support of the FCR system.

(d) Report by the informal working group on Programme and Budget Committee-related issues

12. The Group of 77 and China takes note of the report presented by the Co-Chairs of the Informal Working Group on Programme and Budget Committee-related issues. We recognize the valuable role this group plays in facilitating constructive dialogue among Member States on budgetary and administrative matters that are critical to the effective functioning of UNIDO.

13. The Group of 77 and China would like to emphasize its appreciation of the mandate of the IWG and believes that it is a valuable platform for both the Secretariat and Member States to deliberate and explore possible recommendations on important issues, including the programme and budgets of UNIDO and, therefore, encourages all Member States to continue participating in the meetings of the IWG. Since the 51st Session of the IDB the Informal Working Group held 13 meetings and discussed important issues including investment and upgradation of IT, unutilized balance of appropriations, personnel matters, increase in TC delivery, full cost recovery, findings and recommendations from EIO and briefing by OAC. The Group remains thankful to Secretariat and the Director General for its support to Informal Working Group.

(e) Mobilization of financial resources

14. The Group of 77 and China acknowledges the report provided by the Director General on the mobilization of financial resources for UNIDO's activities. In 2023, funds

raised increased by 44% compared to 2022, reaching \$328.4 million, marking a new record. This outcome indicates the Organization's capacity to attract financial support.

15. The Group appreciates the efforts of the Director General concerning resource mobilization and fully supports his endeavors pertaining to diversifying the sources of funding and pursuing innovative sources of financing, including through additional contributions from traditional and emerging multilateral and bilateral sources.

16. Furthermore, the Group notes that safeguarding the environment remains a focus of contributions with 62% of total funding. Therefore, it encourages the governmental donors and multilateral funds to attribute more towards other main thematic priorities of UNIDO, including advancing economic competitiveness, creating sustainable jobs, meaningfully enhancing technology transfer and fostering industrialization.

17. The Group supports UNIDO's efforts in expanding partnerships and seeking new financing channels, within its mandate to promote inclusive and sustainable industrial development particularly for developing countries. The Group encourages UNIDO to remain resolute in developing concrete and result-oriented partnerships with funding partners and recipient countries to effectively implement CPs and PCPs and enhance cooperation to facilitate global development.

Thank you, Madam President.

Item 7 - Third Industrial Development Decade for Africa (IDDA III)

Thank you, Madam President,

1. The Group of 77 and China takes note of the report on the Third Industrial Development Decade for Africa (IDDA III) as contained in document PBC.40/11 which highlights the progress made in the implementation of IDDA III.

2. The Group encourages the Director General to continue engaging with Member States with the view to elaborate Action Plan for the implementation of the UNIDO Africa Strategy 2023-2025 and to allocate necessary funding to this end.

3. The Group welcomes UNIDO's commitment to enhancing the technological and industrial capabilities of African countries in harnessing the 4th industrial revolution, focusing on digital transformation, innovation, and artificial intelligence.

4. The Group further appreciates UNIDO's essential support in meaningfully enhancing technology transfer, knowledge dissemination, and skills development. This includes a strong emphasis on education and training programs tailored for the needs and

priorities of African women and youth, utilizing UNIDO's expertise to help create a more inclusive and technologically advanced industrial environment.

Madam President,

5. The Group welcomes the adoption of the 10th Ministerial Declaration of the Least Developed Countries (LDCs) in November 2023 and supports UNIDO in consulting with Member States to develop the implementation plan to expedite the operational strategy for LDCs 2022-2031 in synergy with the UNIDO Strategy for Africa 2023-2025 and other relevant frameworks to foster global solidarity and cooperation.

6. The Group acknowledges the pivotal role of UNIDO's Strategy for Post-conflict/-crisis Situations in post-conflict recovery, including early recovery, reconstruction, and transition to development programmes, aiming to strengthen foundations for long-lasting peace and prosperity through inclusive and sustainable industrial development.

7. The Group stresses the importance of enhancing the implementation of the 2021–2025 workplan and developing a new work plan in consultation with Member States and other relevant UN development system members and partners within their respective mandates. Including through creating partnerships for effective responses and tailored integrated service packages for each Member State's needs and priorities.

8. The Group notes that in 2023, UNIDO implemented over 271 projects in Africa, with a total funding of \$55.7 million, representing a decrease compared to the \$63.3 million allocated in 2022, excluding interregional and global portfolios. These projects were carried out under the framework of the Programme for Country Partnerships (PCPs) and Country Programmes (CP).

9. The Group urges UNIDO to align its efforts with the African Continental Free Trade Agreement (AfCFTA) to enhance economic development in Africa. This includes promoting systemic resilience through localized manufacturing, enhancing energy efficiency with sustainable alternatives, and advancing green technologies. The Group also emphasizes the importance of harmonizing standards and strengthening national human capacities to address challenges effectively, supporting regional economic integration and sustainable development.

10. The Group takes note of the independent strategic evaluation for the IDDA III 2016-2025 undertaken by the Office of Evaluation and Internal Oversight and calls upon UNIDO to implement the recommendations stipulated therein to address the challenges that faced IDDA III implementation, including a lack of effective coordination, weak knowledge management and limited funding. The Group further requests UNIDO to work in tandem with the African Union Commission and other relevant African stakeholders on developing IDDA IV.

11. Considering the imminent end of the designated term for IDDA III, the Group emphasizes the critical need for the complete execution of the IDDA III Joint Roadmap and to ensure the full recruitment of the Secretariat of IDDA III. The Group is confident that the Secretariat of IDDA III will take necessary measures towards an enhanced coordinated role in the implementation of this roadmap.

12. The Group urges UNIDO to maintain its cooperation with Member States, other United Nations entities, intergovernmental organizations, strategic development partners and development finance institutions to facilitate the achievement of the IDDA III objectives. Sustaining collaborative efforts between UNIDO and the African Union are essential for enhancing technical skills and policy expertise, which are necessary for the development and implementation of regional industrial strategies.

13. The Group welcomes the Forum on China-Africa Cooperation (FOCAC) in September, 2024 witnessed by UNIDO, and the outcome documents, the Beijing Declaration and the Action Plan. The Group supports UNIDO's efforts in promoting the establishment of the demonstration center for China-Africa (Ethiopia)-UN (UNIDO) cooperation, and encourages UNIDO to make full use of the center to help create a more inclusive and technologically advanced industrial environment, and advance the modernization in Africa.

Thank you, Madam President.

Item 8 - Climate neutral industry and circular economy

Thank you, Madam President,

1. The Group of 77 and China takes note of the updates provided by the Director General on UNIDO's activities related to climate neutrality and the circular economy. We recognize the significant steps taken by UNIDO to advance these priorities, including the development of an action plan for the implementation of the UNIDO Climate Change Strategy. We welcome the establishment of an inter-directorate task force to coordinate this action plan.

2. The Group welcomes the endorsement of UNIDO's strategy in response to climate change during the 51st session of the Industrial Development Board and takes note of the ongoing work regarding the development of an action plan for this strategy in consultation with Member States and relevant stakeholders, in particular Global Environment Facility, the Green Climate Fund and the Adaptation Fund.

3. The Group underscores that the action plan shall be guided by the low-greenhouse gas emission and climate-resilient development principle, and enhance the efficiency,

effectiveness and coordination of UNIDO's activities in support of Member States climate priorities related to the Inclusive and Sustainable Industrial Development.

4. The Group supports the strategy's aims of enhancing UNIDO's role in arranging an adequate, sustainable and predictable financing and transfer of clean and innovative technologies to the developing countries, providing a platform for investment mobilization and climate partnerships and fostering South-South, North-South and triangular cooperation to enable the transfer, early adoption and implementation of climate related technologies and innovations, according to their national policies and priorities.

5. The Group expresses its concern regarding the introduction of climate change-related trade-restrictive measures, including border carbon taxes, which severely affect the smooth flow of industrial exports of developing countries. In this regard, the Group emphasizes that the envisaged action plan shall highlight the needed programs and activities to be undertaken to support developing countries in mitigating such measures.

6. We commend UNIDO for its ongoing efforts to integrate circular economy principles across diverse sectors and regions, demonstrated through initiatives like the SWITCH to Circular Economy Value Chains project. Such initiatives exemplify UNIDO's capacity to facilitate the transition to sustainable industrial practices in developing economies, enhancing both environmental sustainability and economic resilience. We particularly note the importance of these initiatives to developing countries, including Small Island Developing States (SIDS) who are on the front lines of climate change, and thus, would greatly benefit from such interventions.

7. We encourage UNIDO to take into account that many developing countries are producers of the critical minerals that can contribute to carbon neutrality, and that UNIDO can support the development of the value chain in order to contribute to their economic development.

8. The Group values the impact of the Global Eco-Industrial Parks Programme, which has promoted circular economy practices and climate sustainability in seven countries with support from the Swiss government. This programme serves as an example of how circular approaches can make industrial parks more competitive and climate-responsible, advancing sustainable development.

9. The Group also values the collaboration between UNIDO and key partners, including the European Union, the Global Environment Facility, and the Green Climate Fund, to implement programs that address plastic waste, resource efficiency, and eco-industrial parks. These partnerships are crucial for mobilizing resources and technical expertise, enabling Member States to adopt innovative, low-carbon, and resource-efficient practices that duly take into account that industry in developing countries is not a major contributor to greenhouse gas emissions.

10. The Group encourages UNIDO to continue facilitating knowledge exchange and capacity-building efforts on circular economy practices, particularly through regional dialogues and high-visibility events like the World Circular Economy Forum.

Thank you, Madam President.

Item 9 - Inclusive and sustainable development in middle-income countries

Madam President,

1. The Group of 77 and China takes note of the report provided by the Director General on inclusive and sustainable development in middle-income countries (MICs). We recognize the diverse challenges and significant contributions of MICs in achieving global development objectives, particularly in the areas of poverty reduction, economic growth, and environmental sustainability. UNIDO's tailored approach to partnering with MICs aligns with our priorities and supports these countries in navigating the complex pathways of industrialization and sustainable development particularly sustainable development goal (SDG) #9.

2. We take note of the establishment of the Global Alliance for Responsible and Green Minerals, and we call on UNIDO to enhance cooperation in order to enable developing countries benefit from the mining industry and build their value chain, taking into account that such cooperation can make a valuable contribution to the economic development of many developing countries.

3. We appreciate UNIDO's efforts in fostering partnerships and convening platforms such as the Multilateral Industrial Policy Forum, which will facilitate knowledge exchange on sustainable industrial policy among MICs. We believe that such platforms are key for enabling MICs to access resources, expertise, and innovative solutions that support inclusive and sustainable industrial development.

4. The Group of 77 and China looks forward to the High-Level Conference of Middle-Income Countries to be hosted by the Philippines on 28-29 April 2025 in Manila, Philippines. The Conference aims to build on the Rabat Declaration on Middle-Income Countries towards the elaboration of a programme of action for Middle-Income Countries. We encourage UNIDO to continue to incorporate issues related to the specific needs of Middle-Income Countries in its work plan, in addition to its focus on the industrial development of LDCs, LLDCs, and SIDS.

Thank you, Madam President.

Item 13 - UNIDO Independent Oversight Advisory Committee

Thank you, Madam President,

1. The Group takes note of the Report of the Independent Oversight Advisory Committee as contained in document IDB.52/22 and acknowledges with appreciation the work of the Committee.

2. The Committee has raised some important points on UNIDO's work including the following:

Reform and Restructuring

3. In view of OAC the reform process is progressing at a slow pace and has had some challenges. In this regard OAC has recommended that: (a) UNIDO should evaluate the reform process to assess the progress made thus far, identify gaps and determine if it is on track to achieve the overall objectives; and (b) Management should take steps to garner greater staff involvement in the process.

Technical Cooperation Delivery

4. OAC has expressed its concerns over sustainability of 25% per annum increase in TC delivery. The OAC believes that TC delivery must be linked to the actual implementation of projects and programmes, promoting development in Member States and that TC delivery should also be measured by qualitative targets, allowing for a better assessment of the development impact in Member States.

5. The Group notes that in 2023, funds mobilization for UNIDO's technical cooperation set a new milestone the technical cooperation delivery stood at value of \$225.2 million. Moreover, the Organization increased its funds mobilization by 44 per cent, reaching a total of \$328.4 million. The Group supports the 25% increase in TC delivery and requests the Secretariat to formulate a comprehensive report outlining the details of plans and funding sources to address the concerns of the OAC on the issue.

Enterprise Risk Management (ERM)

6. In view of the ongoing reform process, OAC believes that UNIDO faces increased risks and challenges. The OAC has expressed its concern about the effectiveness of the Organization's ERM functions and has suggested that Management should take immediate steps to identify, manage and mitigate risks in a proactive manner and take immediate steps to have an updated risk register that includes all the key risks facing UNIDO.

Result-based Budgeting (RBB) and Full Cost Recovery (FCR)

7. The OAC has expressed its concerns on the slow pace of implementing the RBB method in formulating UNIDO's budget and has recommended that the management should clearly define and strengthen the results framework so that resources can be

determined to support the achievement of specific results. OAC further recommended that the management should fast-track the full implementation of FCR strategies and to develop a cost-accounting system to provide a mechanism to determine the actual cost in support of the FCR system.

8. OAC has also recommended that workplans of Evaluation and Internal Oversight (EIO) including internal audit, evaluation and investigation may be further enhanced and strengthened.

Madam President,

9. The Group expects the Director General and the Secretariat to take due cognisance of the issues and concerns raised in the report of OAC and implement the recommendations of OAC in an effective and efficient manner.

Thank you, Madam President.

Item 14 - Evaluation and internal oversight activities

Thank you, Madam President,

1. The Group of 77 and China takes note of the reports presented by the Director of the Office of Evaluation and Internal Oversight, outlining the evaluation and oversight activities undertaken in 2023. We appreciate the role of the Office in enhancing UNIDO's accountability, transparency, and efficiency through independent evaluations, audits, and investigations that are essential for effective organizational governance.

2. We commend the efforts made by the Office to conduct nine strategic-level internal audits and issue 24 evaluation reports, which provided valuable insights into UNIDO's operations, including project management, procurement, and internal governance. These engagements contribute significantly to improving the effectiveness of UNIDO's processes and outcomes.

3. However, the Group notes that only 55–60% of the Management Action Plans (MAPs) resulting from internal audits have been fully implemented since 2019. We believe that timely implementation of MAPs is critical for addressing operational risks and achieving organizational goals. Therefore, we request the Director General to prioritize the completion of overdue MAPs and ensure regular follow-up mechanisms with senior management to address any barriers to timely implementation.

4. Additionally, we are concerned about the limitations faced by the Office due to budgetary and staffing constraints, which affect its capacity to cover all high-risk areas. In this regard, we urge the Director General to explore options for providing a sustainable

and predictable operational budget for the Office of Evaluation and Internal Oversight, including resources for travel, training, and IT systems, to strengthen its operational independence and ensure comprehensive oversight coverage.

5. The Group views positively the Office's proposal to create a pooled evaluation fund by integrating resources allocated for evaluations within project budgets. We believe this mechanism could enhance the sustainability of the evaluation function, allowing UNIDO to effectively measure and report on the impact of its initiatives. We request the Director General to report on the feasibility and potential implementation of this pooled funding mechanism at the next Board session.

6. The Group of 77 and China takes note of the critical findings raised in document the Assurance Review on UNIDO's Internal Governance Mechanisms, published on 5 November 2024, highlighting the need for immediate improvements in aligning the organization's purpose with its governance practices and daily operations. We note significant deficiencies in strategic direction, inter-divisional coordination, and clarity around the Director General's priorities, especially in key areas like clean energy, climate action, food security, and sustainable supply chains. We urge the Director General to establish a clear strategic framework, improve internal communication, and ensure that all governance bodies align with UNIDO's core mission and strategic objectives. We request regular updates on the progress of these corrective measures.

7. The Group is further concerned by governance issues affecting the Leadership Board (LB) and Operations Committee (OC), which have not consistently fulfilled their mandates, and gaps in the Delegation of Authority procedures that have led to ambiguities in accountability across various levels. The Group notes the management response annexed to the aforementioned document, including the commitment to further elaborate the needed measures, in particular through the ongoing formulation and update of management action plans, to address the findings and observations from this review. We also request additional periodic progress reports to ensure the implementation of the recommendations introduced by the External Auditor, the independent Oversight Advisory Committee and the Office of Evaluation and Internal Oversight.

Thank you, Madam President.

Item 15 - Personnel matters

Thank you, Madam President,

1. The Group of 77 and China takes note of the report provided by the Director General on personnel matters, which provides an overview of UNIDO's workforce composition, recent developments in recruitment, and ongoing initiatives for human

resource management. We recognize the importance of these efforts in enhancing UNIDO's organizational capacity and in supporting the effective delivery of its mandate.

2. We commend the progress made toward gender parity, with women now representing 45% of UNIDO's staff, particularly the increase in female representation, noting that further efforts are still needed for the professional and higher categories particularly from developing countries. We encourage the Director General to continue implementing targeted initiatives to achieve greater gender parity at all levels and upholding the principle of equitable geographical representation within the Organization. The Group requests the Director General to provide a progress report on this matter.

3. The Group also acknowledges the efforts to enhance recruitment policies and practices, including expanding eligibility criteria and streamlining procedures to attract a diverse pool of qualified candidates. We encourage the Director General to maintain momentum in modernizing recruitment processes, ensuring that UNIDO continues to attract top talent from a wide geographical base and further strengthens diversity across the Organization.

4. Additionally, we appreciate the progress in developing and implementing learning and development programs, which provide continuous professional growth opportunities for UNIDO staff. To build an agile and effective workforce, we request the Director General to continue prioritizing initiatives that promote a culture of continuous learning and to provide updates on the impact of these programs at the next IDB session.

5. Finally, we take note of the ongoing review of the staff contractual framework aimed at aligning UNIDO's practices with those of other UN organizations. We look forward to further details on this review and encourage the Director General to ensure that this alignment supports both the operational needs of the Organization and the well-being of its personnel.

Thank you, Madam President.