



# The Vienna Spirit



Report on the 40th Meeting  
of the Chairmen and Coordinators  
of the Group of 77 and China



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Vienna, 2007

The Vienna Chapter of the Group of 77 and China wishes to express its gratitude to the Director-General of the United Nations Industrial Development Organization, Mr. Kandeh Yumkella, and his staff, for co-hosting this important event, as well as for their invaluable support. We are also grateful to Mr. Mohamed ElBaradei, Director General of the International Atomic Energy Agency; Mr. Antonio Maria Costa, Director-General of the United Nations Office at Vienna and Executive Director of the United Nations Office on Drugs and Crime; Mr. Mohammed Barkindo, Acting for the Secretary-General of the Organization of Petroleum Exporting Countries; and Mr. Suleiman J. Al-Herbish, Director-General of the OPEC Fund for International Development, for their generous hospitality, and for their interest in and support to the ideals of the Group.

This publication has been prepared under the overall direction of His Excellency Ambassador Horacio Bazoberry, Permanent Representative of Bolivia and Chairman of the G-77 Vienna Chapter during 2006 and Mr. Aegerico Lacanlale, Director, Strategic Planning and Coordination Group. Mr. Paul Hesp, UNIDO consultant has prepared this report and was assisted by Ms. Annemarie Heuls, Office of the Chairman of the G-77 Vienna Chapter.

## Foreword

***Ambassador Dumisani S. Kumalo, Chairman of the G-77 during 2006.***

The meetings of the Chapters of the Group of 77 and China represent a response to the need for coordination among the different United Nations locations where the Group is operating. This coordination has strengthened the activities of the Group of 77 and China, especially in terms of promoting our positions in the international arena. It is a remarkable coincidence that the 40th meeting of the Chairmen/Coordinators of the Group of 77 and China was hosted for the first time by the Vienna Chapter of the Group in the year that the United Nations Industrial Development Organization (UNIDO) celebrated its establishment 40 years ago.

For the last four decades, UNIDO has supported many developing countries in promoting their industrial development and formulating strategies to stimulate the growth of trade and technology for development. UNIDO has adapted its responses to the changing environment of industrial development and the requirements of developing countries, with a particular focus on three thematic areas of poverty reduction: productive activities, trade capacity-building, and energy and environment. UNIDO has further demonstrated particular attention to South-South cooperation by increasing its efforts to mobilize resources and opportunities to implement effective cooperation among developing countries. The Organization plays a vital role in the field of private sector development, productivity, growth, trade capacity-building and sustainable development. While much more work remains to be done before the global community achieves the Millennium Development Goals, UNIDO has made great contributions to progress.

We are very proud of these 40 years of support and the strategic partnership between the Group of 77 and China and UNIDO. We look forward to continuing our valuable cooperation in the implementation of the development agenda, particularly in the field of South-South Cooperation, which is a crucial modality for achieving the Millennium Development Goals. The Group of 77 and China reiterates its full support for the mandate of UNIDO.

Ambassador Dumisani Kumalo  
Permanent Representative of South Africa to the United Nations  
Chairman of the Group of 77 New York

## List of acronyms

BWI	Bretton Woods Institutions
CCPCJ	Commission on Crime Prevention and Criminal Justice
CND	Commission on Narcotic Drugs
COPUOS	Committee on the Peaceful Uses of Outer Space
CTBTO	Comprehensive Nuclear-Test-Ban Treaty Organization
G-77	Group of 77 and China
GEF	Global Environmental Facility
HIV/AIDS	Human immunodeficiency virus/acquired immune deficiency syndrome
IAEA	International Atomic Energy Agency
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
ICT	Information and communication technology
ITU	International Telecommunication Union
MDGs	Millennium Development Goals
OFID	OPEC Fund for International Development
OPEC	Organization of Petroleum Exporting Countries
SME	Small and medium scale enterprise
UN	United Nations
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNHCR	United Nations High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization
UNDP	United Nations Development Programme
UNODC	United Nations Office on Drugs and Crime
UNOV	United Nations Office at Vienna
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

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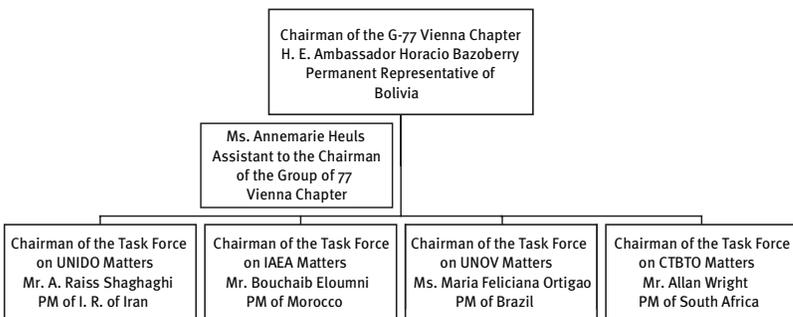
# 1. G-77 in Vienna

## The Vienna Chapter of G-77

The Group of 77 and China (G-77) sponsors and negotiates resolutions and decisions at global conferences and other meetings held under the aegis of the United Nations that deal with international cooperation and development and are of particular concern and interest to developing countries. The Group now has 131 Member States (see annex 3).

The structure of the Vienna Chapter of G-77 is shown in figure 1. A review of the activities of the Vienna Chapter would show that they are uniquely varied in the UN system.

Figure 1. Structure of the G-77 Vienna Chapter in the year 2006



The office of the G-77 in Vienna was inaugurated on 19 May 1998, and is located at the premises of UNIDO in the Vienna International Centre (VIC). It provides support services for the preparation of meetings for the VIC-based UN organizations, such as the International Atomic Energy Agency (IAEA), the United Nations Office at Vienna (UNOV), the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO) and

UNIDO. The office serves as an institutional memory to members of G-77, keeping documents and minutes of meetings and other relevant information for Member States to consult.

The Vienna Chapter of G-77 also prepares statements, joint declarations, action programmes and agreements, and proposes the creation of formal and informal groups of consultation and discussion. The purpose is to enhance the participation of developing countries in meetings of the policy-making organs of UNIDO, IAEA, CTBTO and UNOV (including the United Nations Commission on International Trade Law (UNCITRAL), and the Committee on the Peaceful Uses of Outer Space (COPUOS) as well as the United Nations Office on Drugs and Crime (UNODC) and the bodies linked to UNODC, which are the Commission on Narcotic Drugs (CND) and the Commission on Crime Prevention and Criminal Justice (CCPCJ)).

On 23 January 2006, H.E. Ambassador Horacio Bazoberry, Permanent Representative of Bolivia, assumed the Chairmanship of the Vienna Chapter for 2006. Under his leadership, the G-77 Chapter in Vienna has continued to focus on the promotion of technical cooperation activities and international cooperation, highlighting that the Vienna Chapter can play an important role in promoting the international development agenda and achieving the Millennium Development Goals. With this purpose in mind...

*“... we decided to introduce an innovation at this 40th meeting of the Chairmen/Coordinators in Vienna. ... We have decided to organize ... an interactive panel discussion on two subjects that are of vital interest to the developing countries, namely trade capacity-building, and energy for development.”*

Ambassador Horacio Bazoberry,  
Chairman of the Vienna Chapter of G-77 during 2006

The G-77 Vienna Chapter attaches high priority to the reform of the United Nations, especially strengthening the Organizations based in Vienna, so that the UN system can respond efficiently to the current and future challenges affecting the international community.

## **Cooperation with the Vienna-based UN organizations**

### ***The United Nations Industrial Development Organization***

The Group of 77 considers that the unevenness of global development is one of the greatest challenges of this age. UNIDO, with its focus on industrial development, can play an important role in narrowing the widening gap between the developed and developing economies. The G-77 believes that the attainment of the Millennium Development Goals can be advanced by UNIDO, particularly through its programmes and activities that target trade capacity-building, technology transfer and poverty alleviation.

In addition, the Vienna Chapter recognizes the important role of UNIDO in promoting South-South cooperation, which is assuming increasing significance both as a strategy in support of development and as a means of ensuring the effective integration of developing countries in the emerging global economic order. UNIDO has taken initiatives at the highest level to promote South-South partnerships. For example, the Director-General of UNIDO, Mr. Kandeh Yumkella, led UNIDO missions to India, China and South Africa in the spring of 2006, where agreements were reached with the respective Governments on the establishment of South-South Industrial Cooperation Centres.

The Group of 77 also believes that the new alliance between UNIDO and the United Nations Development Programme (UNDP) will further improve UNIDO's technical delivery mechanisms and enhance inter-agency cooperation, which is important for the United Nations reform process as well as in the fight against poverty.

The Group takes this opportunity to acknowledge the contribution of the Director-General to the achievements of UNIDO during the past year and congratulates the Organization on its 40th anniversary.

### ***The International Atomic Energy Agency***

The promotion of peaceful applications of atomic energy constitutes a fundamental element of the statutory activities of the IAEA. The Group of 77 therefore attaches great importance to the Agency's technical cooperation activities, which are the main vehicle for transferring nuclear technology to developing countries in support of their socio-economic development.

Over the years, the Group of 77 has participated actively in discussions and negotiations on the technical cooperation programme of the IAEA. In this way,

the G-77 supports the Agency's activities in the fields of nuclear technology, safety and security, and verification. It also supports the Agency's work and growing responsibilities in the promotion of the principle of Atoms for Peace, or energy for development.

The Vienna Chapter of the G-77 has supported the strengthening of the IAEA's technical cooperation capacities, to ensure that its technical assistance to meet national and regional needs is efficient, effective and sustainable. It has also made efforts to ensure that the technical cooperation programme continues to keep up with the growing needs of developing countries in key areas of sustainable development, such as the peaceful applications of nuclear technology in human health, power generation, industry, water management and agriculture. One of the most important conditions to achieve this goal, as General Conference resolutions have stressed, is that the Agency's resources for technical cooperation activities are assured, predictable and sufficient.

Furthermore, the G-77 expresses its high esteem and respect to the Director General of the IAEA, Dr. Mohamed ElBaradei, and the Agency itself, for being jointly awarded the 2005 Nobel Prize for Peace. Receiving this high award will stimulate the IAEA to strive for even greater achievements in the promotion of nuclear energy and technology for development. The Group of G-77 will support the strengthening of technical cooperation in this field.

### ***The United Nations Office at Vienna***

Under the umbrella of the United Nations Office on Drugs and Crime (UNODC), the G-77 is actively involved in the work of the Commission on Narcotic Drugs (CND) and the Commission on Crime Prevention and Criminal Justice (CCPCJ), two functional Commissions of the ECOSOC that serve as the policy governing bodies for the UNODC. At the CND, the focus of the G-77 is on balanced and integrated strategies for supply and demand reduction, alternative development, and promotion of technical assistance related to drug conventions. At the CCPCJ, the G-77 supports the activities which focus on technical assistance to the implementation of UN conventions on crime prevention and criminal justice, as well as on international legal cooperation in such matters as extradition and confiscation of assets derived from criminal action. Finally, the G-77 supports the activities of the Terrorism Prevention Branch (TPB) of the UNODC, which provides technical assistance to member States in setting up the legal framework for the implementation of the 13 universal instruments against terrorism.

A member of the G-77, Uganda, chairs working group I (public procurement) of UNCITRAL. The G-77 has participated actively in the negotiations on the

convention on the use of electronic communication in international contracts, which was elaborated by the working group IV (electronic commerce) and adopted by the thirty-eighth session of UNCITRAL in July 2005.

COPUOS focuses on the use and application of space technology for development, which is an important issue for G-77. The immediate past chairperson of COPUOS was a member of the G-77. Members of the Group participate actively in deliberations during the meetings of COPUOS and its two subcommittees—the science and technical subcommittee and the legal subcommittee.

### ***The Comprehensive Nuclear-Test-Ban Treaty Organization***

The Group of 77 and China recalled the decision of Part III of the twenty-fifth Session of the Preparatory Commission in November 2005, which “recognized the deficit in participation by experts of developing countries”, and tasked working group A (WGA) to investigate the possibility of developing a pilot project to work out a mechanism to finance experts from developing countries for a period of one year. The twenty-ninth session of WGA tasked Mr Andre Gué to hold informal consultations with a view to finding consensus on this issue. The Group of 77 and China drafted a proposal on the modalities for establishing a pilot project to finance the participation of experts from developing countries in working group B meetings (WGB). Following extensive formal and informal discussions with State Signatories, consensus was reached in November 2006 on establishing a pilot project to finance at least three experts for one year. The pilot project would be administered by the Provisional Technical Secretariat (PTS), which would establish the selection criteria in close consultation with donor and recipient countries and would be funded by voluntary contributions.

The G-77 and China has also expressed its position on the use and provision of data related to tsunami warning organizations, and stated that the principle upon which available primary seismic, auxiliary seismic and hydro-acoustic data for tsunami warning purposes should be provided on a continuous and real-time basis shall include respect for the CTBT and the function and integrity of the International Monitoring System (IMS), transparency, confidentiality, cost effectiveness and practicability.

The Group has reiterated its position that any budget proposal should be guided by the actual prospect of the Entry into Force of the Treaty, the capabilities of member States to pay their assessed contributions and the ability of the PTS to present and implement a budget based on the principle of zero real growth.



## 2. United Nations Reform, Trade and Energy – the 2006 Vienna Meeting

*“This is a new opportunity for the Group of 77 and China to reaffirm its cohesion and unity in the challenging international environment and to position itself as one of the principal actors on the difficult multilateral stage.”*

(Ambassador Dumisani Kumalo,  
Permanent Representative of South Africa  
to the United Nations and Chairman of the Group of 77,  
in his statement for the Opening Ceremony)

### **The Vienna Meeting: a milestone in G-77's activities**

The regular Meetings of Chairmen and Coordinators of G-77 Chapters are one of the instruments used by G-77 to strengthen the unity and solidarity of the developing countries. The 40th Meeting of the Chairmen and Coordinators of G-77 and China, organized by the Vienna Chapter and hosted by UNIDO, was held in Vienna on 8-9 June 2006. With this Meeting, the Vienna Chapter broke new ground in two ways:

The Meeting highlighted the contribution made to multilateral development cooperation by the Vienna-based organizations: UNIDO, IAEA, UNOV/UNODC and OFID. The participation of the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO) underlined the need for inter-agency cooperation in development. The importance of the Meeting was confirmed by the presence of the executive heads of UNIDO, IAEA, UNODC and UNCTAD. Other participants included senior officials representing several member States in the UN system

and the Executive Director of the Third World Network, an independent non-profit international network of organizations and individuals involved in issues relating to development.

It is hoped that the new approach to cooperation between G-77 and other regional and development organizations initiated by this meeting will also be adopted by the other Chapters.



The Chairmen of the G-77 Chapters during the Vienna Meeting

## The structure of the Meeting

The Meeting addressed two key issues: UN reform and the links between trade capacity-building and energy supply. These issues are related: an efficient, effective and strong UN system is indispensable for effective development support in the areas of trade capacity-building and energy supplies. The Meeting laid great emphasis on the prominent role of South-South cooperation in addressing both issues, and particularly on the role of G-77.

UN reform was the major theme of the introductory statements on the first day of the Meeting, and of a closed session that followed. In the afternoon, presentations were made on trade capacity-building and energy for development. These were followed by panel presentations during which speakers from key development agencies, regional bodies and the Third World Network reflected on both key issues. The sessions on the first day were rounded off

with a general discussion. On the second day, the two key issues were discussed in closed meetings.

The opening statements of the Chairman of the Vienna Chapter and of the Director-General of UNIDO are reproduced in annexes 1 and 2. Other statements by participants can be downloaded from [www.g77.org/vienna](http://www.g77.org/vienna). The text that follows presents the main points of the statements, presentations and general discussion on the first day in a concise way. As there was general agreement on many points of UN reform, the text only reflects individual contributions by speakers where these shed new light on this issue.

## **Key issue 1: UN reform and the South**

### ***UN reform and the position of G-77 – the Putrajaya Statement***

The range of UN activities has greatly expanded since the creation of the organization in 1945. Being charged, over the decades, by the international community with an increasing number of tasks in an increasingly complex world, it was inevitable that mandate overlaps, duplication and fragmentation of efforts would occur in the UN system. An efficient response to the challenges currently facing the UN system therefore makes an overhaul necessary.

However, the reform concepts which are now proposed often seem to put perceived gains in efficiency before the universality and pluralism of the UN system. The disappearance or merging of UN agencies will not necessarily lead to better results in terms of, for example, equitable global development. The networks of specialized expertise that constitute UN agencies were created for good reasons: global development is a complex issue. The world has not progressed to a point where the special expertise of these agencies is no longer required. If the UN system is limited to dealing with niche issues, there would no longer be a holistic and comprehensive approach to development, in which the interests of all UN Member States—and the great majority are developing countries needing UN assistance—are represented.

At its Special Ministerial Meeting in Putrajaya, Malaysia, in May 2006, the Group of 77 adopted a statement on UN reform, which stressed that, for equitable and sustainable global development, the UN is an indispensable organization precisely because of its universality and pluralism. The Meeting reaffirmed the determination of the G-77 to strengthen the role, capacity, effectiveness and efficiency of the UN, so that it is better capable of covering the normative, analytical, policy and operational aspects of development. The

Meeting drew up the Putrajaya Statement suggesting a number of ways in which the performance of the UN system can be improved:

- The coherence of mandates and roles of UN agencies needs to be improved, along with accountability and representation. The solution is not total restructuring or the merging of institutions. Rather, the entire system of multilateral organizations should be analyzed so that obstacles to the achievement of internationally agreed development goals can be identified and reforms can be focused on areas where better coordination and coherence are needed.
- UNCTAD is the focal point in the UN system for the integrated treatment of trade and development. UNCTAD should be therefore be strengthened.
- In the UN's development work, efforts to increase coherence should respect national strategies, sovereignty and ownership of the development process. Developing countries in fact need greater policy space for their national development strategies.
- The role of individual Member States in the UN's decision-making processes—including decisions on UN reform—should not depend on their contributions to the UN budget.
- Effective participation of the developing countries in international decision-making processes on financial matters, in particular in the Bretton Woods Institutions (BWIs—the International Monetary Fund (IMF) and the World Bank), is a key factor in good governance of global development efforts.
- An effective UN system also needs adequate resources. This should not mean placing additional financial burdens on the developing countries. Of course, efficient financial management should be a priority. Where administrative costs are cut, the resources freed should be used to strengthen development programmes.<sup>1</sup>

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<sup>1</sup> The full text of the “Statement adopted by the Special Ministerial Meeting of the Group of 77” can be found on [www.g77.org/Docs/putrajaya.htm](http://www.g77.org/Docs/putrajaya.htm).

## **The Vienna Meeting—views on UN reform and South-South cooperation**



Left to right: Mr. Mourad Ahmia, Ambassador Dumisani Kumalo, Mr. Kandeh Yumkella, Ambassador Horacio Bazoberry.

The Opening Ceremony statements of the Meeting confirmed the existing position of the G-77 on UN reform, as reflected in the Putrajaya Statement, but underlined or shed new light on some aspects of that reform; they also pointed to the importance of South-South cooperation for development, of which the session on trade and energy would give many illustrations.

### **United Nations reform**

*“We need to make sure than we have an equitable system for managing our international affairs...even when we disagree we have to agree to disagree and be able to continue to work together because the sum of our work is much more important than the parts that constitute that work.”*

(Mr. Mohamed ElBaradei, Director General of the IAEA, in his statement at the Opening Ceremony)

The daunting problems facing this world—pervasive poverty, hunger and malnutrition; infectious diseases; illiteracy; inadequate shelter; environmental degradation; and threats to peace and security—are interconnected and only effective multilateral action, led by a strong UN, can deal with them. Such action should particularly focus on the developing countries, which are most affected by the problems mentioned. But it should be adapted to the needs and priorities of these countries: if it takes the form of “prescriptions” for these countries, it is unlikely to be accepted; and if accepted, it is unlikely to be effective.

UN reform is needed to improve the effectiveness of international development cooperation. But it is also needed to give the Group of 77 a voice that is commensurate with the growing role of the developing countries in the global economy: the members of the G-77 now account for more than a quarter of global GDP and one-third of global merchandise trade, as the Director-General of UNIDO, Mr. Kandeh Yumkella pointed out. The institutions of multilateral cooperation do not always reflect this reality. The BWIs in particular, while slowly adjusting to this new reality, remain dominated by the developed economies. A stronger voice implies both rights and duties: there is general agreement that the development process must be “owned” by a country, and UN reforms must also be “owned” by the developing countries.

Reforms should take account of the time perspective, Mr. Martin Khor, the Executive Director of the Third World Network, remarked during the discussions. How far ahead is the international community willing to look? If one is serious about an international community, then the UN in the longer term needs stronger analytical and norm-setting capacities, along with stronger capacities to deal with sustainability issues.

A strong UN is not only in the interest of the South: a UN capable of responding more effectively to collective needs is in the common interest of all countries. A strengthened UN system, with more intensive cooperation among organizations such as UNODC, UNIDO, UNDP, the World Bank and OFID and among countries at the regional level, is in a better position to achieve the Millennium Development Goals (MDGs). It will help to reduce the problems of drugs, crime and HIV/AIDS. The Executive Director of UNODC, Mr. Antonio Maria Costa, suggested that the G-77 could play a prominent role in the eradication of such problems by, for example, making the ratification of the UN Conventions against transnational crime and corruption a priority for its members.

Given the budget limitations of Governments contributing to the UN, it is obvious that the UN system has to maximize efficiency to maximize its contribution to development. Reducing duplication, preventing mission creep and increasing efficiency, however, does not mean limiting the UN’s role in macro-economic, trade and financial issues. The balance, complementarity and diversity of organizations should be preserved. Each organization has its strong points, and is capable of shedding light on development problems from a different perspective. These differences in perspective also help ensure that the context in which problems occur is more readily understood, so that technocratic fixes and “one size fits all” solutions are avoided.

Better coordination of UN activities at the local level could solve many of the problems. At the High-Level Panel on System-wide Coherence, which UNIDO

hosted in 2006, for example, UNIDO made proposals for better coordination and coherence among UN organizations at the country level. It should be remembered, however, that reform is a long process, not a single event. Box 1 illustrates both the importance and complexity of reforms.

**Box 1. Increasing the coherence and strength of the Geneva-based agencies**

As Geneva is the home of a number of UN agencies whose work has an impact on development, it has a key role in promoting system-wide coherence. Particular attention should be paid to coherence in the work on:

- Intellectual property (WIPO, UNCTAD and WTO);
- Information technology (ITU and UNCTAD);
- Migration (IOM, UNCTAD, ILO, UNHCR, WTO).

In the specific case of UNCTAD, which has proved its competence and usefulness in the integration of developing countries in the world economy, it is important that the three pillars of its work—research and analysis, consensus building and technical assistance—are preserved and even strengthened, as they feed on each other.

From the statement for the Opening Ceremony  
by Ambassador Masood Khan,  
Permanent Representative of Pakistan to the United Nations,  
Chairman of the G-77 in Geneva.

The good example of UN agencies that have put their own house in order should be studied by others. Reforms that come from within are more valuable than reforms that are imposed. The speakers of the Vienna agencies gave examples of the progress made. IAEA has already implemented most of the relevant reforms that have been proposed. UNOV has set an example in such areas as accountability, ethics and compliance, and human resources. UNIDO has also undertaken internal reforms, sharpening its programmatic focus, streamlining its structure, increasing its cost effectiveness and forging strategic partnerships to minimize duplication and maximize synergies.

Finally, the reform process should be a continuous dialogue—an “us” versus “them” mentality would be counterproductive. In the words of the Chairman of the Meeting: “I don’t know one problem in the world that can be fixed by one side alone.”

### **South-South cooperation**

*“South-South cooperation is assuming increasing importance both as a strategy in support of development and as a means of ensuring the effective integration of developing countries in an emerging global order.”*

(Ambassador Horacio Bazoberry, Permanent Representative of Bolivia, Chairman of the G-77 Chapter for 2006, in his statement for the Opening Ceremony)

As a group, the members of the G-77 are becoming drivers of global economic growth: their growth exceeds that of the developed countries. The dynamic economies of the South provide new opportunities for South-South cooperation through trade, investment and technology. That cooperation is expanding and includes the exchange of experience, knowledge, technical advances, skills and expertise in many sectors. The Chairman of the Meeting, Ambassador Dumisani S. Kumalo, stressed that cooperation had to be strengthened further. It would help to remove barriers that are still an obstacle to the full participation of developing countries in global trade, and ensure that the views and needs of developing countries are better understood in development cooperation—as the role of the G-77 in the debate on UN reform showed, South-South cooperation is essential to create a UN system that is fully representative of all its member States. The joint efforts of the developing countries are wholeheartedly supported by OFID, as its Director-General, Mr. Suleiman Al-Herbish, pointed out.

UNIDO is strongly committed to promoting South-South partnerships. It coordinates its South-South programmes with the South-South Unit of UNDP and the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States. Section 2.4 will give a number of examples of UNIDO activities.

## **Key issue 2: trade capacity-building and energy for development**

A joint technical presentation by UNIDO and IAEA addressed the issue of trade capacity-building and energy for development. The presentations were made by: Mr. Hans-Holger Rogner, Section Head, Planning and Economics Studies Section, Department of Nuclear Energy, IAEA; Mr. Heinz Leuenberger, Director, Energy and Cleaner Production Branch; and Mr. Lalith Goonatilake, Director, Trade Capacity-Building Branch.

## **Linking trade and energy – the work of UNIDO and IAEA**

*“You cannot be competitive in manufacturing...  
without a reliable, cheap source of energy.”*

(Mr. Kandeh Yumkella, Director-General of UNIDO,  
in his statement for the Opening Ceremony)

In an open global economy, success in trade is a sine qua non for development. Successful trade participation depends on a complex of factors:

- Competitiveness of productive capacities (countries must have marketable products for export);
- Conformity with standards (products must conform to the requirements of clients and markets);
- Connectivity to markets (cross-border transactions must be made as simple as possible).

How important trade in manufactured products is can be demonstrated with a few simple figures: every 1 per cent growth in trade leads to a 0.5 per cent increase in income and over three-quarters of global trade is trade in manufactures.

The basic link between energy supply, trade and poverty reduction is a straightforward one, as the statement by UNIDO’s Director-General quoted above indicates: without a good energy supply, competitive productive and trading activities are unthinkable in a modern economy; without these, there can be no economic growth, and a growing economy is needed for poverty reduction. From this straightforward starting point, it is clear that the Millennium Development Goals (MDGs) adopted by the UN in 2000<sup>2</sup>, in particular the prime objectives of eradicating extreme poverty and hunger, cannot be realized without secure and affordable energy supplies.

The Johannesburg Declaration of the 2002 World Summit on Sustainable Development (WSSD) identified four critical requirements to achieve the goal of energy for sustainable development:

- Increasing access to reliable, affordable, economically viable, socially acceptable and environmentally sound energy services and resources;

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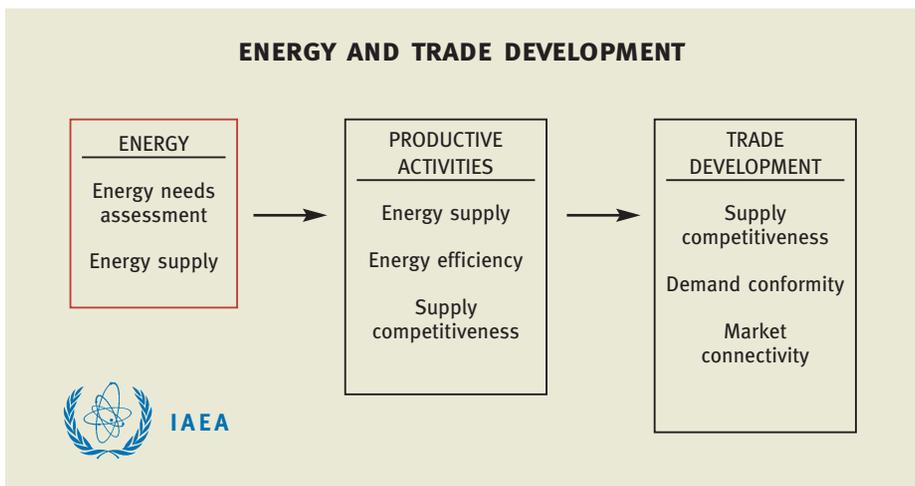
<sup>2</sup> For full information on the Millennium Development Goals, see [www.un.org/millenniumgoals](http://www.un.org/millenniumgoals)

- Improving energy efficiency;
- Increasing the proportion of energy obtained from renewable resources;
- Diversifying energy supplies through advanced, cleaner, more efficient, affordable and cost effective technologies.

There are encouraging signs that developing countries are beginning to tackle the problems of energy supply, including through joint action. The Forum of African Ministers of Energy (FEMA), for example, has set ambitious goals for energy supply in the region: by 2015, 50 per cent of the African population and 50 per cent of all schools, clinics and community centres are to have access to modern energy services.

The crucial role of energy supplies in economic development is visualized in a simple way in figure 2, which introduced the Panel presentations of both UNIDO and the IAEA and shows that there is a common basis for the work of the two organizations in this field.

Figure 2 – The links between energy, production and trade



On this common basis, the two organizations provide assistance in their own areas of expertise. UNIDO focuses on actual energy supply (in rural areas and small island developing countries) and energy efficiency in industry. The IAEA focuses on the upstream level: energy planning and national capacity-building.

The following two sections discuss the roles of UNIDO and IAEA in more detail.

## **UNIDO: rural energy, energy efficiency and trade capacity building**

### **Rural energy**

UNIDO's focus on rural energy is based on the fact that one-third of the world population has no access to commercial energy, and these people live mainly in rural areas. UNIDO's strategy is to provide a package of well-structured, complementary activities including:

- Identification of income generating activities related to the production or use of energy;
- Identification of the best technologies for generating energy;
- Demonstration of the social and economic viability of the selected energy generation approach;
- Creation of sustainable local enterprises that can deliver reliable energy services based on technologies for renewable energy.

Projects based on this strategy can create jobs outside subsistence farming (such as carpentry), stimulate higher levels of local agro-processing as well as the entry of local enterprises in new markets and generally improve living standards through lighting, medical services and education, and access to information and communication technologies (ICTs). Countries in the South have developed rural energy technologies that are often better adapted to local conditions than those developed in the North, and UNIDO encourages South-South cooperation in this field (see box 2), as it also does in other areas such as industrial policy, institution building, industrial technologies and trade.

#### **Box 2. South-South cooperation in UNIDO's rural and renewable energy projects**

- Together with the Indian Institute of Sciences, UNIDO is introducing biomass gasification technologies in Cuba and Zambia. The technical assistance covers energy policies, institution building, information dissemination and the development of business models for commercially operated mini grids. In addition, an International Centre of Excellence for biomass gasification technologies is to be set up, which will promote South-South cooperation in this field.
- In 1994, the Government of China and UNIDO established the International Centre for Small Hydro Power to facilitate technology transfer to other developing countries. Over the years, 35 countries have been assisted with training, power station design, equipment supplies, etc.

*Source:* Energy and Cleaner Production Branch, UNIDO

### **Energy efficiency**

Greater energy efficiency lowers production costs in manufacturing and helps to reduce CO<sub>2</sub> emissions. It has been calculated that, between 2002 and 2030, improvements in end use efficiency can account for more than half the decrease in global emissions. Most of the gains can be made in (and by) developing countries, where energy use is still comparatively low but where energy efficiency also tends to be low.

UNIDO is committed to helping developing countries to realize these gains—box 3 gives an example. UNIDO's approach is that capacity-building, know-how and technology transfer are a better way of ensuring continuous improvements in energy efficiency than one-off, expensive investments in new equipment. UNIDO's energy and material efficiency audits focus on optimizing industrial systems (motors, pumps, etc) as a whole. In addition, UNIDO propagates the adoption of energy management standards in industry.

#### **Box 3 - The China Motor Systems project**

Industrial motors consume more than 600 billion kWh annually in China. The efficiency of motors, pumps and fans is lower than in countries like the United States and Canada. Savings of just 5-10 per cent in motor system energy would result in savings of 35-70 billion kWh by 2010 and 50-100 million tons of CO<sub>2</sub>. The project focused on transfers of knowledge and skills, including the creation of local support infrastructure for energy savings. The 22 engineers trained under the project in Jiangsu and Shanghai provinces identified nearly 40 million kWh in energy savings within two years of completing their training. The payback periods for the various actions identified were two years or less.

*Source: Energy and Cleaner Production Branch, UNIDO*

Energy efficiency is closely related to UNIDO's trade capacity building efforts. In the absence of efficient energy supplies to manufacturing, the quantity, quality and cost of export products are seriously affected, and an enterprise—or country—may easily lose its markets to competitors.

### **Trade capacity-building and international partnerships**

Of the three aspects of a successful export drive—competitiveness, conformity and connectivity—UNIDO mainly targets the first two. The organization's support to competitiveness building covers the policy and institutional frame-

work for the industrial sector, investment promotion, technology transfer, SME development, technical support to specific industry sectors, upgrading of manufacturing activities, cleaner production and of course energy issues. Support to conformity with market requirements covers standards, such as ISO standards, metrology, product specification and safety issues. Since the beginning of the present decade, UNIDO's trade capacity activities have grown faster than those of other multilateral organizations, reaching US\$ 64.6 million in 2005.

South-South cooperation is also a major concern of UNIDO in the area of trade capacity-building. The rapid industrial growth of a number of developing countries has helped to create a very large potential for South-South trade. Trade within the South has risen from US\$ 222 billion in 1995 to US\$ 562 billion, but that potential remains underutilized: only 10 per cent of the trade within the South Asian Association for Regional Cooperation (SAARC), for example, consists of products of SAARC member countries. A major obstacle to the expansion of that trade is the lack of harmonized product standards. UNIDO therefore encourages the transfer of know-how on these issues among developing countries in various ways. An example of a UNIDO programme to build up trade capacity in francophone West Africa is given in box 4.

#### Box 4. The UNIDO/EU – UEMOA Programme

With EU funding, a € 14 million project promoted competitiveness and conformity in the countries of the Union Economique et Monetaire Ouest Africaine (UEMOA). Specific activities under this programme included:

- Food safety, productivity and quality promotion
- Preparation of 68 enterprises for ISO 9001
- National and regional quality awards
- Training of journalists in consumer and product quality issues
- Harmonization of standards for export products
- Harmonization of testing procedures and a regional laboratory data base
- Upgrading of 50 laboratories, of which 24 for international accreditation
- Training of 16 laboratory auditors
- Training of 40 ISO 9000 auditors

A second phase (€ 6 million) of the programme is being developed.

*Source:* Trade Capacity Building Branch, UNIDO

The many partnerships of UNIDO in the context of trade development—with UN organizations, other organizations, the EU and individual donor countries are illustrated below:

- In 2003, UNIDO and the WTO signed an agreement to assist developing countries in building capacities for the production and export of competitive goods. UNIDO focuses on productive capacities and the infrastructure for conformity for technical requirements; the task of the WTO is to support the integration of the countries in question in the global trading system.
- In Aid for Trade, a UN-wide initiative that aims to help developing countries to build up their export capacities, UNIDO has been given the task of leading the development of a methodology for joint assistance by UN organizations.
- UNIDO's Regional Cotton Programme, which cooperates with the African Cotton Association and the International Cotton Advisory Committee as well as WTO, and in which 11 African countries participate, is expected to increase exports of this major African crop by 20-40 per cent in the medium term.
- In Pakistan, an EU funded programme that, besides UNIDO, includes the WTO, WIPO, ITC and Norwegian Accreditation helps to upgrade selected industries while at the same time improving the infrastructure for compliance with standards.

### ***IAEA: energy planning and capacity-building***

The great increases in oil prices, the need to identify alternative sources of energy and the growing energy requirements of the economy and society in developing countries make comprehensive, long-term planning of affordable, sustainable energy supplies an essential precondition for continued economic growth and poverty reduction. With regard to the latter: the share of energy costs in per capita consumption tends to be disproportionately high in low income countries—as high as 31 per cent in Nigeria and 18 per cent in Bangladesh, for example. Compare this with figures of 7 per cent in Germany and 9 per cent the United States, where average incomes are many times higher. This clearly indicates the need for energy planning in low-income countries, especially against the background of rising energy prices.

During the last decade, the IAEA has supported 41 national and regional projects in the field of energy planning, and has strengthened the capacities in this field of 156 national institutions. This goes well beyond its well-known roles in the field of energy generation and in ensuring that nuclear

technologies in general are only used for peaceful purposes. Capacity-building includes:

- Transfer of planning models tailored to the needs of developing countries;
- Transfer of data on energy technologies, resources and economics;
- Joint analysis of national energy options with local partners;
- Help in establishing permanent local expertise.

Progress is monitored over a number of years. Hundreds of local experts have been trained since 2001. The energy analysis tools developed by the IAEA—MAED (energy demand), MESSAGE (supply systems), FINPLAN (financial aspects) and SIMPACT (environmental impacts of electricity generation—are used in well over 100 countries, including most developing countries (although there are wide gaps in Africa). Other IAEA tools include the Country Profiles on Sustainable Energy Development, which enable countries to benchmark the status of, define strategies for and monitor progress towards a sustainable energy future. As renewable energy sources can only meet part of the needs of development, the great challenge is to minimize the environmental impact of other energy generation technologies. South-South and interagency cooperation can play a greater role in this respect.

The IAEA country programming framework always includes the MDGs and technical cooperation projects are based on partnerships with local expertise and institutions. As local know-how increases, that know-how can be shared with other developing countries. The agency therefore stimulates South-South networking, to increase regional self-reliance in matters related to energy supply.

### ***Panel presentations: trade, energy and international partnerships***

Partnerships among organizations that are active in international development are essential because of the complexity of the development issues involved and the limited resources of individual actors. They also help to reduce duplication of efforts.<sup>3</sup> In strong interagency teams, the whole is stronger than the sum of the individual agencies. The following paragraphs illustrate these points by briefly describing a few specific partnerships, in the fields of trade and energy, of organizations that made a panel presentation.

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<sup>3</sup> According to the presentation by the Director-General Ms. I. Freudenschuss-Reichl of the Austrian Department for Development Cooperation during the Panel, over 20 UN organizations have activities in the energy field. Good coordination of these activities could increase the effectiveness of energy-related assistance and save costs.

***The European Union – Ambassador Ms. Irene Freudenschuss-Reichl,  
Director General, Austrian Department for Development Cooperation***

Recognizing the key role of energy supply as a development factor and the need to ensure more equal access to energy services, the EU has given high priority to energy since WSSD. The funding made available for energy and development programmes in the EU's development aid will increase in the coming years. As part of the EU's development assistance to Africa, the Infrastructure Initiative for Africa is intended to stimulate the establishment of energy, ICT, water and transport infrastructure across national borders, and the EU strongly supports the FEMA initiative as mentioned above. The 2007 Meeting of the UN's Commission on Sustainable Development would be a good opportunity to create synergies among initiatives of developing countries and donors on energy-related issues.

***UNCTAD – Ms. Lakshmi Puri, Director, Division on International Trade in Goods, Services and Commodities***

The 2006 Special Ministerial Meeting of G-77 emphasized “the important role of UNCTAD within the United Nations for the integrated treatment of trade and development”. As the focal point for trade and development, UNCTAD supports developing countries in trade negotiations and is a major provider of trade-related technical assistance, where possible in cooperation with other international agencies: the WTO, the International Trade Centre (ITC), UNDP, the World Bank, IMF, the regional commissions, etc. UNCTAD played a key role in the conceptual preparation and realization of Aid for Trade.

To ensure that trade and development are treated as an integrated issue, UNCTAD, among others, uses a multi-stakeholder approach (government, business, NGOs) in its assistance. UNCTAD also helps developing countries to identify new trading opportunities by stimulating South-South cooperation and supporting the South Summit.

***IAEA – Ms. Ana Maria Cetto, Deputy Director General, Department of Technical Cooperation***

The IAEA has been working with the World Bank on the creation of energy planning capacities for several decades. New partners in the field of energy planning and development are sought to realize a seven-point plan:

- Collaboration, synergies and complementarities between IAEA/World Bank activities in member States in the fields of energy policy and law as well as energy investment planning;
- Optimal use of resources for capacity-building in each region;

- Collaboration and cooperation among Members States on regional issues;
- Joint action at future events of the UN's Commission on Sustainable Development;
- Improvement of the IAEA's planning and analytical tools;
- Joint implementation of technical cooperation projects.

A Comprehensive Energy System Planning exercise, scheduled for the autumn of 2006, is to examine the broader developmental context of energy planning and to identify areas for collaboration, such as cross-border energy supply and capacity-building through regional approaches or joint ventures among countries. As a result of WSSD, the IAEA started working with UNEP, the UN's Department of Economic and Social Affairs, FAO and UNIDO in the UN Energy platform, which among others, has worked on methods for increasing the share of renewables in developing country energy planning. In Ghana and Nigeria, the IAEA and UNIDO are cooperating on energy development, with a special focus on rural development and poverty reduction.

#### ***WTO – Mr. Hans-Peter Werner, Counsellor, Division of Development***

As two-thirds of its members are developing countries, providing support to trade capacity-building is an important WTO activity. A Joint Integrated Technical Assistance Programme, run in cooperation with UNCTAD and ITC, organizes workshops, seminars and training courses. Topics include e-trade, market access and multilateral trading skills, among others.

The WTO is also involved in an interagency initiative, the Integrated Framework, which helps developing countries to integrate national trade policies into their overall development strategies, ensuring that this not only leads to more exports but also to less poverty. Launched in 1997, the Integrated Framework now involves 43 out of the 50 least developed countries (LDCs). Other partners in this initiative are the IMF, the World Bank, UNCTAD, UNDP and the ITC. Finally, the WTO is also involved in Aid for Trade.

#### ***OPEC – Mr Ramiro Ramirez, Environmental Policy Analyst***

Developing countries need technological capabilities to develop their own energy resources. Finding the right energy mix for poverty eradication and the creation of an internationally competitive manufacturing sector will depend on the particular conditions of a country. Unsustainable energy consumption is a challenge, but renewables are not a solution yet in many cases. There are well-tested technologies for non-renewables—for example coal, which is in plentiful supply in many countries—that can ensure an economical

supply of energy with a limited environmental impact. South-South and South-North cooperation can help to diffuse technologies that are particularly suitable for developing country needs and ensure energy security.

***Mr. Martin Khor, Executive Director, Third World Network***

Multilateral, regional and bilateral trade rules determine the space for a country's trade strategies. The rules which guide global trade at present often work to the disadvantage of developing countries: they leave no space for a gradual adjustment to competitive pressures, stunting their efforts to build up industries and become competitive in international markets.

To give developing countries the policy space in which they can formulate and execute successful industrialization and trade strategies, international consensus is needed on fair rules for global trade. The efforts of the G-77 to defend the interests of developing countries in international trade negotiations are of critical importance in ensuring that that consensus is reached.

# 3. The Vienna Spirit and the future of international cooperation



Participants in the 40th Meeting of the Chairmen and Coordinators of the Group of 77, Chapter Vienna, June 8-9, 2006.

At the end of the 40th Meeting, the Chairmen and Coordinators of the Chapters of G-77 unanimously adopted the “Vienna Spirit” communiqué. The key points of the “Vienna Spirit” form the core of the text that follows. The full communiqué may be found at [www.g77.org/vienna/ViennaSpirit.pdf](http://www.g77.org/vienna/ViennaSpirit.pdf).

## A stronger UN system

The G-77 reaffirms its positions with regard to UN reform. The international community will not be able to respond efficiently to current and future economic, social and environmental challenges without a strong, effective and efficient UN system. While these challenges particularly affect the developing countries, a strong UN is in the interest of all countries. To ensure that the interests of all are represented, the reform process should not undermine the pluralism and diversity of the UN system, but strengthen its multilateral

character. To cope with the challenges, the UN needs adequate resources. Where costs are cut in the process of reform, the funds saved should be redirected to development programmes.

A UN system that is fully representative of the international community is only possible with a fundamental reform in the governance of the BWIs and the WTO. The effective participation of the developing countries in their governance is a central factor in the legitimacy, relevance and effectiveness of these organizations and of the international financial system. The existing quota formula in the decision-making process of the BWIs must be reviewed, and a new formula must be found that does justice to the relative economic size of the developing countries. Greater cooperation between the Group of 24, which represents the interests of developing countries in negotiations on international monetary matters, and the Chapters of G-77 is needed to help ensure a successful reform of the BWIs.

## **The crucial importance of the specialized agencies**

It is the firm conviction of the G-77 that the various UN agencies, with their specialized knowledge, play an essential role in global development. The discussions with the executive heads of the specialized agencies represented at the Meeting confirmed the importance of the unique perspectives of these agencies on development issues, based on long experience and great expertise. As industry and trade are key factors in sustained economic growth, the roles of UNIDO and UNCTAD should be strengthened, not redefined. Redefining their roles and those of other specialized agencies would be counterproductive. Of course ways should be found to ensure that the mandates of these agencies complement each other better, and that synergies are created. UN reforms can build on the reform efforts of the specialized agencies, and in particular on UNIDO's reforms: these have created a focused, efficient and effective organization.

With regard to the core issue of environmentally sustainable development, it is essential that the functioning of the Global Environmental Facility (GEF) is completely clear, so that developing countries can fully benefit from this system. Furthermore, the access of UNIDO and FAO to GEF should be facilitated in those areas where these organizations have a comparative advantage in technical cooperation, helping developing countries to combine development and environmental protection.

All States have the basic right to develop nuclear energy for peaceful purposes. The IAEA therefore has a major role in promoting sustainable development.

Its technical cooperation programme for the peaceful uses of nuclear energy should be strengthened to increase its contribution to the achievement of the MDGs, and the IAEA should continue its support to South-South cooperation.

## **The expansion of South-South cooperation**

South-South cooperation has expanded in response to global challenges and has become an integral part of the mutual relations between developing countries. The emerging dynamic economies of the South provide new opportunities for South-South cooperation in trade, investment and technological cooperation. The G-77's Special Unit for South-South Cooperation is taking important initiatives to boost that cooperation, such as:

- The Global South Development Forum;
- The Second High-Level Forum on Trade and Investment;
- The South-South Mayors' Forum to Promote City to City Cooperation for Development;
- The Southern Parliamentarians Forum;
- The Global South Creative Economy Expo.

South-South cooperation needs to be intensified to ensure the effective participation of developing countries in the emerging global order and accelerate development. To enhance the former, the G-77 Chapter in New York needs stronger research capacity. Other specific areas where South-South cooperation needs to be intensified are human resource development, institution-building and science and technology. In the latter area it is of great importance that, with support of the Italian Government, the G-77 Consortium on Knowledge and Technology in Trieste (Italy) is now operational.

## **UNIDO, a key promoter of South-South cooperation**

The G-77 strongly supports UNIDO's South-South technical cooperation programme. Its efforts in the fields of accreditation and certification, technology partnerships and rural energy development, working with a wide range of other partners in development, were highlighted during the Meeting and summarized above. However, UNIDO's efforts to promote South-South cooperation for development encompass other key elements of development as well. These include:

- The creation of clusters and business linkages for SME development. South-South cooperation is encouraged through exchanges of experience, such as the 2005 Expert Group Meeting on the promotion of export consortia in Olbia, Sardinia, Italy. UNIDO's cluster development programme has triggered the development of an international cluster building programme by an Indian NGO.
- Investment and technology promotion. UNIDO's Mediterranean Investment and Technology Promotion Network, the Asia-Africa Investment and Technology Promotion Centre (AAITPC) and the Africa Investment Promotion Agency Network (AfrIPANet), are networks in which UNIDO offices in the respective regions and international and national counterparts cooperate intensively.
- Environmental management. The Eastern and Southern Africa Leather Industries Association (ESALIA), established by UNIDO in 1995, disseminates cleaner production know-how to African countries, among other countries.
- UNIDO's Subcontracting and Partnership Exchange Programme has resulted in a large number of South-South business links in manufacturing.
- The Regional Centres for South-South Cooperation. These Centres, the most recent UNIDO initiative for South-South cooperation, will stimulate the development of partnerships between the industrially more advanced developing countries and LDCs. The main fields of activity will be exchanges of experience, institutional and enterprise networking, replicating best practice for poverty reduction, and strengthening national and local innovation systems.

UNIDO has pioneered new ways of helping developing countries to strengthen their global competitiveness, safeguard their environments and attain the MDGs, promoting South-South cooperation to achieve this. It has set an example for others to follow.

## **The Vienna Chapter of G-77: exploring new approaches to international cooperation**

The Vienna Chapter of the G-77 has been working actively with the Vienna-based development organizations since the 1980s to support them in their crucially important work for international development, as chapter 1 has shown. In organizing the 40th Meeting, the Vienna Chapter of G-77 explored two new approaches to international cooperation:

- The closed sessions were complemented by presentations and discussions on two key development issues: trade capacity building and energy supply;
- Other regional groupings—OPEC and the EU—were invited to take part in the exchange of thoughts.

These new elements in a meeting of chairmen and coordinators reflected the importance of the challenges now facing the developing countries. In a globalizing economy, a country's capacity to participate in global trade is a key condition for economic growth and attaining the MDGs, and that capacity cannot be created without a secure energy supply. Because the issues have a global dimension, cooperation among regions is needed *(a)* to create the technical basis for a development process that includes all, and *(b)* to create a level playing field for that development process, through a dialogue on international agreements. Intensified cooperation with a Northern region such as the EU can complement the growing South-South cooperation efforts in these areas.

The Meeting succeeded in its intentions: to widen its audience, in particular by building bridges to other regional organizations, to highlight the contributions of two major specialized agencies—UNIDO and the IAEA—in two major areas of development, and to highlight the importance of the Vienna-based development organizations in general. The presentations showed how a web of cooperation is emerging among these organizations: UNIDO and the IAEA are complementing each other in energy-related projects in Ghana and Nigeria; OFID works with UNIDO, IAEA, UNOV and UNODC.

It is hoped that the success of the Meeting will stimulate the G-77 as a whole to explore other key issues in multilateral development, expanding the web of cooperation among the countries in the South and between the countries of the South and the North. The “Vienna Spirit” should imbue the whole UN system.



## **ANNEX 1**

***STATEMENT BY THE CHAIRMAN OF THE VIENNA CHAPTER OF G-77,  
H. E. AMBASSADOR HORACIO BAZOBERRY,  
PERMANENT REPRESENTATIVE OF BOLIVIA***

Ambassador Shadrack Dumisani Kumalo, Chairman of the G-77 in New York,  
Chairmen and Coordinators of the G-77,  
Mr. Kandeh Yumkella, Director-General of UNIDO,  
Mr. Mohamed ElBaradei, Director General of IAEA,  
Mr. Antonio Maria Costa, Director-General of UNOV and Executive Director of UNODC,  
Mr. Suleiman Jasir Al-Herbish, Director-General of OFID,  
Ambassador Irene Freudenschuss-Reichl, Director-General for Development  
Cooperation, Austrian Federal Ministry of Foreign Affairs,  
Representatives of UNCTAD, WTO, OPEC, IAEA and the Third World Network,

Excellencies,

Ladies and Gentlemen,

On behalf of the Vienna Chapter of the G-77, I am pleased to extend a warm welcome to all of you to the 40th meeting of the Chairpersons/Coordinators of the G-77. I wish to thank Ambassador Kumalo and the Chapter Chairpersons/Coordinators of the G-77 for graciously accepting the invitation of the Vienna Chapter to host this important event.

As we convene, many parts of the world continue to face daunting challenges—pervasive poverty, hunger and malnutrition, infectious diseases, illiteracy, inadequate shelter, environmental degradation and threats to peace and security. In an interdependent world where these challenges are interconnected, only collective action through multilateral cooperation can be effective. It is in this context that the reform of the United Nations as the main instrument of multilateral cooperation assumes great importance. It is also in this light that the broadening and deepening of unity, solidarity and cooperation among the countries of the South becomes imperative. Thus the two items on our agenda—UN reform and South-South Cooperation—are timely topics for discussion at our meeting today and tomorrow.

It is perhaps a coincidence that our 40th meeting is taking place in Vienna at the time UNIDO is celebrating its 40th anniversary. But it is not a coincidence that UNIDO continues to devote itself to causes that are of great importance to the developing world, just as the IAEA and UNODC continue to make valuable contributions to the work of our Group. It is precisely to make these contributions better known that we decided to introduce an innovation at this meeting. In addition to our customary closed sessions on specific issues, we have decided to organize, in cooperation with UNIDO and the IAEA, an interactive panel discussion on two subjects that are of vital interest to the developing countries, namely Trade Capacity-Building and Energy for Development. Through this interactive dialogue we hope to highlight the contributions that Vienna-based organizations are making to multilateral development cooperation in general, and to the work of G-77 in particular. We also hope that it would further our Group's thinking on these issues.

I now wish to take you through our programme for today and tomorrow. Following our opening ceremony, we shall have a brief break prior to starting our first closed session on UN reform. A luncheon co-hosted by the Directors-General of UNIDO and UNOV will follow. The afternoon session will be devoted to an interactive discussion on trade capacity-building and energy for development. Mr. Yumkella and Mr. El-Baradei will lead off with keynote statements. UNIDO and IAEA experts will then make technical presentations on the two topics, and a panel of experts will be invited to offer their observations. Subsequently, the Chapters' Chairpersons and Chairpersons of regional bodies will be invited to share their views. The floor will then be opened for general discussion. The first day will close with some concluding remarks from Mr. Yumkella to be followed by a reception hosted by the G-77 Vienna Chapter.

Tomorrow's session will begin with a working breakfast hosted by Mr. Yumkella in honour of Mr. Supachai, Secretary-General of UNCTAD, and of the Chairmen/Coordinators of the G-77 Chapters. Our second and third closed sessions later in the morning will be devoted to South-South Cooperation and UN Reform. We will then break for lunch to be hosted by OPEC. Our concluding session will follow after lunch where we expect to adopt a joint statement. In the evening, Ambassador Kumalo will host a dinner in honour of the Chairmen/Coordinators of the G-77.

Let me now turn to the main issues on our agenda and offer some brief remarks.

On UN Reform, the Vienna Chapter of G-77 stands fully behind the position of G-77, under the able leadership of Ambassador Kumalo, in defending the interests of the developing countries and ensuring the successful outcome of the reform process, as well as safeguarding the integrity and Charter role of the General Assembly.

On South-South cooperation, we note new and encouraging developments in the countries of the South which augur well for South-South cooperation. Emerging dynamic economies of the South provide new and promising opportunities for taking South-South cooperation to a higher plane through trade, investment and technological coop-

eration. South-South cooperation is assuming increasing importance both as a strategy in support of development and as a means of ensuring the effective integration of developing countries in an emerging global economic order.

The Vienna Chapter strongly supports the ongoing implementation of the outcome of the Second South Summit and will make every effort to mainstream the Summit's priority areas in the work of the various Vienna-based organizations. I note in this context the initiatives undertaken by UNIDO at the highest level to promote South-South partnerships. Mr. Yumkella has recently led UNIDO missions to India, China and South Africa where agreements were reached with the respective Governments on the establishment of South-South Industrial Cooperation Centres in those countries.

In closing, we wish to express our gratitude to the Director-General of UNIDO, Mr. Yumkella and his staff, for co-hosting this important event, as well as for their invaluable support. We are also grateful to Mr. Mohamed ElBaradei, Director General of IAEA, Mr. Antonio Costa, Director-General of UNOV, and Executive Director of UNODC and Mr. Mohammed Barkindo, acting for the Secretary-General of OPEC, for their generous hospitality, and for their interest in and support for the ideals of the Group. We also wish to thank all member States for joining the Group of 77 in this meeting.

Now, allow me to continue these opening remarks in Spanish.

Mientras que nos reunimos ahora, muchas partes del mundo continúan haciendo frente a graves desafíos que atentan contra el desarrollo humano sostenible —la pobreza persistente, el hambre y la desnutrición, las enfermedades infecciosas, el analfabetismo, la escasez de una vivienda adecuada, la constante degradación ambiental, las violaciones a los derechos humanos y las amenazas la paz y la seguridad.

Señores,

En un mundo interdependiente donde se interconectan estos y otros desafíos, sólo la acción colectiva a través de la cooperación multilateral puede ser eficaz.

Es en este contexto, que la reforma de las Naciones Unidas, como el instrumento principal de la cooperación multilateral, asume gran importancia.

Es también en este escenario, que el incremento y profundización de la unidad, solidaridad y de la cooperación entre los países del sur, se convierte en imprescindible. Así, los dos temas —la reforma de las Naciones Unidas y la Cooperación Sur-Sur— son asuntos fundamentales y pertinentes para su discusión en nuestra reunión de hoy y mañana.

Es quizás una coincidencia que nuestra 40ª. reunión esté aconteciendo aquí en Viena, cuando la Organización de las Naciones Unidas para el Desarrollo Industrial (UNIDO) está celebrando su 40º aniversario. Pero no es una coincidencia el hecho que UNIDO continúa dedicándose, con una visión renovada, a las causas que son de gran impor-

tancia para los países en desarrollo. Así como también el Organismo Internacional de Energía Atómica (OIEA) y la Oficina de las Naciones Unidas para la Droga y el Crimen (UNDC) continúan haciendo contribuciones valiosas al trabajo de nuestro Grupo.

Precisamente, para una difusión mayor sobre cuáles son esas otras contribuciones a la AGENDA PARA EL DESARROLLO, es que decidíamos introducir una innovación en la estructura de esta reunión.

Además de nuestras acostumbradas sesiones cerradas, para el tratamiento de temas específicos, hemos decidido organizar, en cooperación con la Organización de las Naciones Unidas para el Desarrollo Industrial (UNIDO) y el Organismo Internacional de Energía Atómica, (OIEA), un Panel que promoverá una discusión interactiva sobre dos temas que son de vital interés para los países en desarrollo, a saber “La Formación de Capacidades Comerciales” y “Energía para el Desarrollo”.

A través de este diálogo interactivo, esperamos resaltar las contribuciones que las Organizaciones, con base en VIENA, están haciendo a la cooperación multilateral, al desarrollo en general, y al trabajo del Grupo de los 77 y China en particular. También esperamos, que promueva una mayor reflexión del Grupo de los 77 sobre estos temas tan sensibles e importantes hoy en día.

Ahora me gustaría ofrecerles un breve resumen de lo que constituirá nuestro programa para el día de hoy y mañana.

Después de nuestra ceremonia de apertura, tendremos una breve pausa antes de comenzar nuestra primera sesión cerrada sobre la Reforma de las Naciones Unidas.

Inmediatamente seguirá un almuerzo, ofrecido por los Directores Generales Antonio Maria Costa de la Oficina de Naciones Unidas en Viena (UNOV) y por el Dr. Kandeh Yumkella de la Organización de Naciones Unidas para el Desarrollo Industrial.

La sesión de la tarde será dedicada a una discusión interactiva sobre los temas "Creación de Capacidades para el Comercio y Energía para el Desarrollo". El Dr. Yumkella iniciará con una exposición puntual sobre el tema del Panel, en lo que se refiere a la Creación de Capacidades para el Comercio.

Luego, los expertos de la Organización Internacional para el Desarrollo Industrial (UNIDO) y del Organismo Internacional para la Energía Atómica (OIEA) harán una presentación técnica conjunta sobre los dos tópicos, y se invitará a los panelistas a que ofrezcan sus comentarios.

Posteriormente, se invitará a los Presidentes de los Capítulos y los Presidentes de los Grupos Regionales para que compartan sus opiniones. Inmediatamente y dependiendo de la disponibilidad de tiempo, se tendrá un espacio para la discusión general. El Panel Interactivo finalizará con algunas observaciones de conclusión que serán hechas por el

Dr. Kandeh Yumkella. Seguirá una recepción ofrecida por el Capítulo del Grupo de los 77 en Viena. La sesión de mañana se iniciará con un desayuno-trabajo ofrecido por Dr. Kandeh Yumkella, Director-General de UNIDO en honor del Sr. Supachai, Secretario General de UNCTAD, y de los Presidentes/Coordinadores de los Capítulos del Grupo de los 77.

Nuestra segunda y tercera sesión cerrada de la mañana será dedicada a la cooperación Sur-Sur y a la Reforma de las Naciones Unidas. Terminada la tercera sesión asistiremos a un almuerzo organizado por la OPEP en honor a los Presidentes-Coordinadores del G-77 que ahora nos visitan.

Nuestra sesión de conclusión se realizará después del almuerzo. En esa oportunidad esperamos adoptar una Declaración común. Por la tarde, el Embajador Dumisani Kumalo ofrecerá una cena en honor de los Presidentes/Coordinadores del Grupo-77. Permítanme ahora, referirme a los puntos principales en nuestra agenda y ofrecerles unas breves observaciones.

En lo que se refiere a la Reforma de las Naciones Unidas, el Capítulo de Viena del Grupo de los 77 apoya plenamente la posición del Grupo de los 77 y China, que bajo el hábil liderazgo del Embajador Kumalo, defiende los intereses de los países en desarrollo, asegurando así un resultado positivo del proceso de la reforma, así como también, la integridad y el papel de la Asamblea General establecido en la Carta de las Naciones Unidas.

En referencia a la cooperación Sur-Sur, observamos nuevos y promisorios progresos en los países del sur, lo cual es una expresión objetiva sobre las posibilidades de la cooperación Sur-Sur. La dinámica de las economías emergentes del Sur, proporcionan nuevas y alentadoras oportunidades para movilizar la cooperación Sur-Sur a un nivel mayor a través del comercio, la inversión y la cooperación tecnológica. La cooperación Sur-Sur está asumiendo cada vez mayor importancia, por un lado, como una estrategia en apoyo al desarrollo y por otro, como un medio para asegurar una integración efectiva entre los países en desarrollo en un orden económico global emergente.

El Capítulo de Viena apoya decididamente el actual proceso de implementación de los resultados de la Segunda Cumbre del Sur y hará los esfuerzos necesarios para encauzar las áreas de prioridad establecidas en la Cumbre al trabajo de las varias Organizaciones con sede en Viena.

En este contexto, se debe tomar en cuenta las iniciativas emprendidas por UNIDO al más alto nivel con el propósito de promover acuerdos de asociación Sur-Sur. Recientemente, el Sr. Yumkella ha presidido misiones de UNIDO a la India, China y Sudáfrica alcanzándose acuerdos para la conformación y establecimiento de "CENTROS DE COOPERACION INDUSTRIAL SUR-SUR" en esos países.

Antes de finalizar, deseamos expresar nuestro agradecimiento al Director General de UNIDO, Sr. Kandeh Yumkella y al personal de esa Organización, por co-patrocinar este

importante evento, así como por el invaluable apoyo prestado. Agradecemos también al Sr. Antonio Maria Costa, Director General de la Oficina de las Naciones Unidas en Viena y Director Ejecutivo de la Oficina de las Naciones Unidas para la Droga y el Delito, al Dr. ElBaradei, Director General del OIEA y al Sr. Mohammed Barkindo, Secretario General a.i. de la OPEP, por su generosa recepción, y por su interés y apoyo a los objetivos del Grupo. También deseamos agradecer a todos los Estados miembro del Grupo de los 77 y China por el apoyo en la realización de esta reunión.

Gracias.

## **ANNEX 2**

### ***TALKING POINTS FOR THE STATEMENT BY THE DIRECTOR-GENERAL OF UNIDO, DR. KANDEH K. YUMKELLA***

Your Excellencies, Ladies and Gentlemen,

1. Welcome and express thanks for the opportunity to co-host this important event.
2. Meeting will discuss issues of prime importance to the G-77 in the coming years—UN reform and South-South Cooperation.
3. Both issues are very timely. Member countries of G-77 have made impressive strides over the years and now play a major role in world affairs. In the 1960s, many of them still had colonial status and hardly had a voice in international affairs. Their share in global wealth was relatively small and their position not as strong. Now, they account for more than a quarter of global GDP and a third of global merchandise trade. As a group, they are also outpacing growth in the developed economies and are increasingly becoming the drivers of growth in the global economy. Their weight and power in world affairs have grown in importance as their share of global wealth has increased.
4. The institutions of multilateral cooperation do not always reflect this reality. The governance structures of the Bretton Woods Institutions, while slowly adjusting to changing circumstances, remain dominated by developed economies. But even in the United Nations, the collective weight of G-77 is not always given due recognition. The reform of the UN is thus essential to giving G-77 the strong voice that is commensurate with their enhanced role in world affairs.
5. While developing countries as a whole have been growing at a remarkable pace, significant disparities remain in their economic performance. Many countries lag behind and poverty remains endemic in many of them. South-South cooperation assumes vital importance in this context. It is not just a political necessity—a litmus test of the unity and solidarity among the countries in G-77—but also a moral imperative.
6. Fortunately, trends in South-South cooperation have been quite encouraging. Developing countries are increasingly investing in each other's economies, with foreign direct investments rising from US\$14 billion in 1995 to \$47 billion in 2003. These investments accounted for 37 percent of the total foreign direct investments in all of the developing countries in 2003. Trade within the South has also risen significantly—from US\$222 billion in 1995 to US\$562 billion in 2004, or 26 percent of their global trade. But clearly, the vast potential of South-South cooperation has still to be fully realized.

7. UNIDO is contributing both to UN reform and to advancing South-South cooperation. It has undertaken a wide-ranging series of reforms over the past twelve years—sharpening its programmatic focus in line with internationally agreed development goals, including the MDGs; streamlining its organizational structure and its operations; increasing its cost-effectiveness and its overall performance in terms of the quantity and quality of its service delivery; and forging strategic partnerships with organizations of the UN system, civil society and the private sector, to minimize duplication, strengthen synergies and ensure the highest possible development impact at the country level. Today, UNIDO is a revitalized, vibrant organization making significant contributions to alleviating poverty; building and upgrading industrial capacities for international competitiveness; and improving access to renewable energy for the rural poor and raising energy efficiency in the productive process while also assisting developing countries in meeting their obligations under multilateral environmental conventions.

8. UNIDO welcomes and supports the initiative of the Secretary-General to promote increased coherence within the UN system. It has taken a proactive approach to UN reform, actively engaging in the discussions and helping shape the course and character of the debate.

9. At the thematic consultations on the Resident Coordinator System convened by the High-Level Panel on System-wide Coherence in Vienna on 15 May, for which UNIDO played host, UNIDO presented its views on strengthening coordination and coherence among the organizations of the system at the country level.

10. Reform is a process, not an event. UNIDO is committed to pursuing reform as a means to ensure its continuing relevance and responsiveness to the requirements of its member States. UNIDO will also continue to contribute to UN reform discussions at the inter-governmental, i.e., ECOSOC, UNGA, and inter-agency levels, i.e., CEB and UNDG, while seeking the support of all member States for its role and mandate.

11. Cite the following to illustrate the active involvement of UNIDO in various forthcoming intergovernmental events:

- 17th Conference of African Ministers of Industry in Cairo, 19-21 June 2006;
- ECOSOC High-Level Segment, Ministerial Roundtable Breakfast on the theme "Youth Employment in LDC", Geneva, 3-5 July 2006;
- Ministerial Meeting on Energy Security in the LAC Region, Montevideo, September 2006, arranged jointly with Secretaría General Iberoamericana and the Government of Uruguay;
- 61st session of the UN General Assembly, "Industrial Development Cooperation", New York, October 2006;
- Summit of AU Heads of State and Government in July 2007, under the theme of Industrial Development in Africa;

- Conference on Competitive Agro-industries, to be organized jointly with the FAO in New Delhi, October 2007.

12. On South-South cooperation, UNIDO's study suggests a promising approach to intensify cooperation in the field of industrial development:

- Link trade, foreign direct investment and technology flows from Asia to pro-poor development in sub-Saharan Africa and the LDCs;
- Redeploy labour-intensive industries from Asia to sub-Saharan Africa;
- Undertake case studies of pro-poor technologies in China and India, especially related to ICTs and grassroots technologies, and promote these technologies in sub-Saharan Africa and the LDCs;
- Use Asia as a growth pole for sub-Saharan Africa and LDC industrial development by:
  - increasing imports of semi-processed raw materials from sub-Saharan Africa/LDCs;
  - increasing market access for sub-Saharan Africa and LDC products in India, China and other successful Asian countries through preferential industrial tariffs, and participation of sub-Saharan Africa and LDCs in the value chain of industrial production in China and India and other successful Asian countries.

13. Refer to UNIDO agreements with India, China and South Africa on establishing Centres for South-South Industrial Cooperation.

14. Conclusion: as Ambassador Bazoberry mentioned, this year marks the fortieth anniversary of the establishment of UNIDO. It was the Group of 77 and China that led the international community in establishing UNIDO 40 years ago as a symbol of their aspiration to achieve industrialization. Today, UNIDO remains an embodiment of those same aspirations. It is fitting that the Group would come to Vienna—UNIDO's headquarters—for the 40th meeting of its Chairmen and Coordinators in another symbolic act of renewing the Group's commitment to industrial development as a means of achieving sustained economic growth and sustainable development for the benefit of all their peoples.

## ANNEX 3

### MEMBER STATES OF THE GROUP OF 77

1. Afghanistan
2. Algeria
3. Angola
4. Antigua and Barbuda
5. Argentina
6. Bahamas
7. Bahrain
8. Bangladesh
9. Barbados
10. Belize
11. Benin
12. Bhutan
13. Bolivia
14. Bosnia and Herzegovina
15. Botswana
16. Brazil
17. Brunei Darussalam
18. Burkina Faso
19. Burundi
20. Cambodia
21. Cameroon
22. Cape Verde
23. Central African Republic
24. Chad
25. Chile
26. China
27. Colombia
28. Comoros
29. Congo
30. Costa Rica
31. Côte d'Ivoire
32. Cuba
33. Democratic People's Republic of Korea
34. Democratic Republic of the Congo
35. Djibouti
36. Dominica
37. Dominican Republic
38. Ecuador
39. Egypt
40. El Salvador
41. Equatorial Guinea
42. Eritrea
43. Ethiopia
44. Fiji
45. Gabon
46. Gambia
47. Ghana
48. Grenada
49. Guatemala
50. Guinea
51. Guinea-Bissau
52. Guyana
53. Haiti
54. Honduras
55. India
56. Indonesia
57. Iran (Islamic Republic of)
58. Iraq
59. Jamaica
60. Jordan
61. Kenya
62. Kuwait
63. Lao People's Democratic Republic
64. Lebanon
65. Lesotho
66. Liberia
67. Libyan Arab Jamahiriya
68. Madagascar
69. Malawi
70. Malaysia
71. Maldives
72. Mali
73. Marshall Islands
74. Mauritania
75. Mauritius
76. Micronesia (Federated States of)
77. Mongolia
78. Morocco
79. Mozambique
80. Myanmar
81. Namibia
82. Nepal
83. Nicaragua
84. Niger
85. Nigeria
86. Oman
87. Pakistan
88. Palestine
89. Panama
90. Papua New Guinea
91. Paraguay
92. Peru
93. Philippines
94. Qatar
95. Romania
96. Rwanda
97. Saint Kitts and Nevis
98. Saint Lucia
99. Saint Vincent and the Grenadines
100. Samoa
101. Sao Tome and Principe
102. Saudi Arabia
103. Senegal
104. Seychelles

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|---------------------------|------------------------------|--|
| 105. Sierra Leone         | 115. Thailand                | 124. United Republic of<br>Tanzania        |
| 106. Singapore            | 116. Timor-Leste             | 125. Uruguay                               |
| 107. Solomon Islands      | 117. Togo                    | 126. Vanuatu                               |
| 108. Somalia              | 118. Tonga                   | 127. Venezuela (Bolivarian<br>Republic of) |
| 109. South Africa         | 119. Trinidad and Tobago     | 128. Viet Nam                              |
| 110. Sri Lanka            | 120. Tunisia                 | 129. Yemen                                 |
| 111. Sudan                | 121. Turkmenistan            | 130. Zambia                                |
| 112. Suriname             | 122. Uganda                  | 131. Zimbabwe                              |
| 113. Swaziland            | 123. United Arab<br>Emirates |  |
| 114. Syrian Arab Republic |                              |  |

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