



**VIENNA SPIRIT
ADOPTED BY THE FORTIETH MEETING
OF THE CHAIRMEN/COORDINATORS OF THE GROUP OF 77**

Vienna, 8-9 June 2006

1. We, the Chairmen/Coordinators of the Chapters of the Group of 77, meeting in Vienna from 8 to 9 June 2006, under the chairmanship of Ambassador Dumisani Shadrack Kumalo, Permanent Representative of South Africa to the United Nations and Chairman of the Group of 77 in New York, have unanimously adopted the following communiqué:
2. We highly appreciated the support and active participation of the executive heads of the UN Office in Vienna, and of international agencies including UNIDO, IAEA, UNODC, UNCTAD, OPEC and OPEC Fund. We discussed and reviewed several issues at our meeting, especially energy and development issues and the development dimension in the context of the UN reform process, and the promotion of South-South cooperation.
3. We attach high priority to the reform of the United Nations with the objective to strengthen the Organization so that it can efficiently respond to the current and future challenges affecting the international community, in particular concerns and interests of developing countries, which constitute the vast majority of its membership.
4. In this context we commit ourselves to implement the G77 Ministerial Statement adopted by the special Ministerial meeting in Putrajaya (Malaysia) on 29 May 2006. We wish to reaffirm that the reform process should be aimed at strengthening multilateralism, providing the Organization with a substantive capacity to fully and effectively meet the purposes and principles enshrined in the United Nations Charter, and at consolidating its democratic character and its transparency as the central forum for dialogue and negotiations and nothing should be done to undermine its pluralism and its diversity.
5. We reiterate that the objective of the UN reform is to strengthen and update the work of the Organization so that it responds to the contemporary requirements of Member States. The work of the Organization should be geared towards implementing the legislative decisions and mandates entire rangs adopted by the inter-governmental bodies of the United Nations more effectively and efficiently.
6. We believe that a stronger United Nations is in the interest of all countries. We support a meaningful reform that is reflective of the views of the collective membership and we believe that the voice of every Member State must be heard and respected, irrespective of their budgetary contributions to the Organization.
7. We reiterate that UN reform is not intended to change the inter-governmental nature of our decision-making, oversight and monitoring processes. Neither is it to

reduce the budget levels of the Organization or to fund more activities from within the existing pool of resources, nor is it meant to redefine the roles and responsibilities assigned to the various Organs of the United Nations by the Charter. Rather it is envisaged to examine how the mandates of the agencies could better complement each other, through well coordinated synergies to achieve the MDGs. Further, reforms should allow for normative activities to be progressively translated into field operations, while acknowledging that the developing countries need to be afforded the necessary assistance and support to utilize the new information technology.

8. We emphasize that the United Nations is the premier international organization and system, addressing sustainable development in its three components: economic development, social development and environment protection. In that regard, its role should be strengthened so as to cover the normative, analytical, policy and operational aspects of development, bearing in mind that normative work of the organization is the outcome of an inter-governmental decision making process and is addressed to the full membership of the United Nations.

9. We stress that the objective to achieve system-wide coherence should not be a cost cutting exercise. Reductions in administrative expenses should be redirected to programmes in each country. The principles of cost recovery should be harmonized, and its proceeds retained and spent on development programmes. In this context, we encourage the members of the panel on system wide coherence to interact with various G77 chapters and their members. The UN should avoid shifting resources from development activities to other activities which are donor-driven and not in line with the priorities of developing countries.

10. Following meetings with the executive heads of several UN agencies, we stress that it is the context and unique perspectives brought by each UN organization/department that is important, and not only its specific activities. The UN Secretary General's system wide coherence panel should fully take this into account and facilitate the continuation and strengthen the contexts and unique perspective of the agencies, and not seek to remove or erode mandates in the name of cost cutting or avoidance of duplication.

11. In this regard we encourage the Secretary General High-Level Panel on System-wide Coherence to allow itself enough time to do full justice to this important opportunity and therefore September 2006 does not have to be the final deadline.

12. We emphasize that the Secretary-General should receive adequate and predictable resources to undertake effectively the numerous tasks entrusted to the United Nations as mandated by Member States. We regret the exceptional and unprecedented measure of restricting the expenditures of the Organization by authorizing the Secretary-General only to enter into expenditures limited to fifty percent of the approved budget of 2006. We underline that the measures imposed

upon the Organization has adversely affected programme delivery in the Organization. We stress that this limit on the expenditure of the organization shall be automatically lifted upon the request of the Secretary-General at the appropriate time. We call on all Members States to act accordingly.

13. We emphasize that one of the fundamental reforms required would be for the United Nations, which is the most representative global organization, to mobilize the highest political commitment, and to provide policy directions and guidance to the Bretton Woods Institutions, the World Trade Organization and other relevant organizations and institutions that have an impact in the development of many countries. Key to promoting good governance at the international level would be the active voice and effective participation by developing countries in the international decision-making processes, in particular the Bretton Woods Institutions, which is central to promoting the legitimacy, relevance and effectiveness of the international financial system and international financial institutions.

14. We agreed that there should be greater cooperation between the G-24 and other chapters of the G77 through more concrete measures and mechanisms. Through these, the G-77 could provide inputs into the perspectives and positions of the G-24 in their operations in the BWIs, and the G-24 could provide inputs to the positions of the G-77 in the financing for the development process and other processes in the UN. Joint activities such as workshops can also be envisaged. The G-24 chairman also invited the G-77 to assist it in developing a network of researchers from developing countries to strengthen the developing-country perspective on finance and development issues. We agreed that research and workshops should in particular strengthen our capacity to negotiate in both the BWIs and the UN as well as the WTO.

15. Furthermore the under-representation of developing countries in the decision making process continues to undermine the credibility and legitimacy of the BWIs. We stress the need to a comprehensive package to review the quota formula including inter alia: (a) a new quota formula that reflects more accurately the relative economic size of developing countries in the world economy, taking into account purchasing power parity and developing countries greater vulnerability to commodity price fluctuations, volatile capital flows and other exogenous shocks, and (b) a substantial increase in basic votes.

16. We are further concerned that developing countries at the moment are not fully conversant with the new system called Resource Allocation Framework (RAF) under GEF which is designed to increase the predictability and transparency in the way GEF allocates resources which from July 2006 will start to allocate resources for biodiversity and climate change projects while the feasibility of developing indicators necessary for extending the RAF to other focal areas namely, international waters, land degradation and persistent organic pollutants, are being examined. We therefore urge that efforts should be made to allow developing countries to fully understand the operations of the RAF so that they do not miss financial resources from GEF for lack of understanding of the system.

17. We therefore reaffirm and strongly support the roles and mandates of United Nations humanitarian and development institutions and agencies, including in particular UNIDO, UNCTAD, FAO, WFP, UNESCO, IFAD, UN-HABITAT and UNEP. In this context, we will continue to work with other partners to strengthen the role and functioning of the United Nations system in the field of development and to this end, we reaffirm our strong support for the reforms undertaken by UNIDO, UNCTAD, FAO, UNESCO, UNEP and UN-Habitat and their valuable contributions to the programmes of the developing countries.

18. We consider it essential that the reform of the United Nations system build on reform processes underway in different parts of the United Nations system. We note that UNIDO's reforms in recent years have enabled it to become a more focused, effective and efficient organization for developing countries and more capable of delivering concrete outcomes and providing valuable contributions to the achievement of the internationally agreed development goals. We also note similar reform efforts in UNCTAD, FAO, UNESCO, IFAD, UN-Habitat and UNEP.

19. We are convinced that industrialization remains an essential factor in the sustained economic growth, sustainable development and eradication of poverty in developing countries and plays a critical role in the achievement of the internationally agreed development goals. In this respect, we reaffirm our full support for the mandate of UNIDO and calls for enhancing the Organization's role and maintaining its institutional integrity in the context of UN reform. To this end, we call on ECOSOC to consider adopting a theme relating to industrial development cooperation for its High-Level Segment in 2008.

20. We reiterate the important role of UNCTAD as the focal point within the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development. We commit ourselves and call upon the international community to work towards the strengthening of UNCTAD, to enhance its contribution in its three major pillars, namely consensus building, research and policy analysis, and technical assistance especially through increased core resources of UNCTAD. We further reiterate the need to operationalize the new functions mandated by UNCTAD XI in the areas of policy space, corporate responsibility and new and emerging fields of information and communication technology as well as to reinvigorate its intergovernmental machinery.

21. We recommend attention to the existing mandates on coherence. UNCTAD must continue to advance the important objective of coherence for development i.e. generating a greater understanding of the interface and coherence between international processes and negotiations on the one hand and the development strategies and policies that developing countries need to pursue on the other. In this regard, UNCTAD has been mandated by the Sao Paulo Consensus to promote systemic coherence including through cooperation with other international organizations and follow-up to major UN conferences and summits in the fields of social and economic development.

22. We express our appreciation to UNOG and UNCTAD for agreeing to provide necessary support staff and office space for the conduct of the activities of Chapter in Geneva in accordance with the decision of the Ministerial meeting commemorating the 30th anniversary of the Group of 77 paragraph-12(a) as well as the decision by the 39th meeting of the Chairmen/Coordinators of the chapters of the Group of 77.

23. We are concerned by the continued difficulties that specialized agencies like UNIDO and FAO are having to obtain direct access to the funds of the Global Environmental Facility (GEF), as Executing Agencies under Expanded Opportunities, in those GEF focal areas where they are recognized to have a comparative advantage. Given the increasingly important connection between development and the protection of the global environment, we believe that GEF has a significant role to play in financially supporting Technical Cooperation in the Developing Countries. We therefore urge that every effort should be made to allow specialized agencies to have the widest possible direct access to GEF funds.

24. We reaffirm the basic right of all States to research, develop and produce nuclear energy for its own sustainable development and for peaceful purposes. In this regard, we recognize the role of the IAEA in promoting sustainable socioeconomic development through its important work in such areas as food and agriculture, human health, industry, water resource management, environment, knowledge management and nuclear energy planning and production. We consider it essential for the IAEA to strengthen its Technical Co-operation Programme on the peaceful uses of nuclear energy and to maintain an appropriate balance between all its mandated activities. In this context, we welcome the contribution of the IAEA to the fulfillment of the Millennium Development Goals and encourage the agency to continue its activities aiming at promoting Technical Cooperation between Developing Countries and South-South Cooperation.

25. We remain committed to combating the world narcotic drug problem and strengthening the international drug control system and to this end, we will continue to participate actively in the work of the Commission on Narcotic Drugs. In this context, we reaffirm that the fight against demand and supply of drugs requires an integrated approach of preventive and enforcement measures. It is in this connection that the Group reiterates its call upon international organizations and developed countries to provide new and additional financial resources and technical assistance.

26. We welcome the entry into force of the United Nations Convention against Corruption on 14 December 2005 and firmly believe that asset recovery is a fundamental principle of the Convention against Corruption.

27. We welcome the increasing number of Member States of the Convention against Transnational Organized Crime and its three Protocols. The Convention and its three protocols provide us a legal framework for international cooperation in the fight against transnational organized crime. We are convinced that it is imperative that any effective crime prevention strategy should adequately address the root

causes of crime including inter-alia injustice, poverty, unemployment, and marginalization of vulnerable people and lack of education.

28. We recognize that South-South Cooperation has expanded as a response to global challenges, and created a stronger voice for the countries of the South on the international arena. It has become an integral part of the mutual relations between the developing countries and an important means of promoting the exchange of ideas, experience, knowledge, technical advances, skills and expertise across a broad range of sectors. There is a greater commitment from developing countries to support developments efforts in order to reach a new level of economic independence and collective self-reliance.

29. We stress the need to further strengthening South-South Cooperation including through enhancing the capacities of the institutions and mechanisms that promote such cooperation. We reiterate our firm commitment to further strengthening South-South Cooperation. This form of cooperation is increasingly important both as a strategy in support of development and as a means of ensuring the effective participation of developing countries in the emerging global economic order.

30. We reaffirm the need to strengthen the research capacity of the G77 in New York as well as in the Chapters so as to enhance the negotiating strength of the Group, including through operationalisation of the G77 research programme decided on by the first G77 South Summit in 2000. The research to be developed is required: (a) to assist the G77 to meet the Group's immediate needs of day-to-day negotiations and (b) to guide the Group's longer term understanding and perspectives of key issues that are in the negotiating calendar of the next several years, and key issues to assist in development of the developing countries. We agree to follow up and address this issue further.

31. We welcome the recent encouraging developments in developing countries that augur well for South-South cooperation. The emerging new dynamic economies of the South provide new and potential opportunities for promoting South-South cooperation through trade, investment and technological cooperation. In this context, we welcome the ongoing efforts by the Special Unit for South-South Cooperation convening initiatives to boost South-South cooperation including the Global South Development Forum; the Second High-level Forum on Trade and investment; South-South Mayors Forum to Promote City to City Cooperation for Development; the Southern parliamentarians Forum; the Global South Creative Economy Expo; as well as other public-private partnerships initiatives in new and dynamic sectors.

32. We strongly support UNIDO's South-South technical cooperation programme encompassing: clusters and business linkages for SMEs development; regional system for accreditation and certification within the framework of trade capacity building; technology partnerships and investment promotion in priority industrial sub-sectors; rural energy development for productive use; environmental

management involving cleaner production technologies; and UNIDO's Subcontracting and Partnership Exchange Programme and establishment of regional centres for South-South industrial cooperation.

33. We further stress the importance of implementing the Bali strategic plan on capacity building and technology support which underscores the importance of South-South cooperation including triangular cooperation and stress the need to intensify efforts directed towards institutional capacity building including through the exchange of expertise, experiences, information and documentation between the institutions of the South in order to develop human resources and strengthen the institution of the south, and places emphasis on the important role of economic and social development played by scientific knowledge and technology, which have a major influence on the way in which the earth's resources are used and shared among the inhabitants.

34. We welcome the progress made by the Trieste System especially by the Academy of Sciences for the Developing World (TWAS) to operationalize the G-77 Consortium on Knowledge and Technology in Trieste (Italy) as decided by the G77 South Summit. We express our appreciation to the Italian government for the valuable support provided to developing countries over the years by various scientific institutions in Trieste. In this context we welcome the memorandum of understanding signed in 2005 between the Trieste system and the Chairman of the Group of 77 in order to strengthen scientific cooperation between research institutions and universities in the south and the Trieste system. To this end we support the initiative to convene a high level forum to establish strategic North/South partnership in science and technology.

35. We also welcome the ongoing preparations for the Ministerial Meeting of the Group of 77 on Science and Technology to be held on 3 September 2006 on the sidelines of the 10th TWAS General Conference and 17th General Meeting of TWNSO in Rio de Janeiro, Brazil (2-6 September 2006).

36. We are convinced that dialogue among cultures and civilizations should be a continuous process and that, in the current international environment, it is not an option but an imperative as a sound and productive look to promote development to create a better life for all. This concept needs to be mainstreamed in the human rights machinery and UNESCO. In this respect we reiterate our call to UNESCO to support the convening of a high level forum of eminent personalities in order to discuss effective ways of bridging the gaps and achieving responsible governance.

37. We express our appreciation to the Vienna Chapter of the Group of 77 for taking the initiative to organize panel discussions on "trade capacity building" and "energy for development", two issues of great importance especially to the developing countries. The informative presentations of UNIDO and IAEA and ensuing panel discussions gave the Chairmen/Coordinators of the Group of 77 a greater appreciation for the valuable programmes Vienna-based organizations are

carrying out in these fields. In this context, we encourage UNIDO to continue its valuable work in trade capacity building and energy for development as well as its collaboration with the IAEA on energy for the benefit of the developing countries. We also wish to thank all who contributed to the success of the interactive panel discussion. We mandate the chairman of the Group of 77 in New York to convey the views of the chapters on the ongoing reform process at various forms.

38. Having participated actively in the panel discussion, we agree to the following:

- a. Developing countries, assisted by UN agencies and organizations, should build their capacity to effectively participate in multilateral and bilateral trade negotiations, and to develop supply capacity to produce and market increasingly higher value-added products.
- b. Developing countries should prioritise national policies on energy for development. Developing countries require adequate energy resources to meet household needs and the needs for economic and social development, while taking account the need for energy efficiency and environmental soundness.

39. We express our deep appreciation and gratitude for the excellent preparation and manner in which the Vienna chapter and UNIDO hosted the 40th meeting of the Chairmen/Coordinators of the Group of 77.
