



STATEMENT BY THE GROUP OF 77 AND CHINA DURING THE FORTY-FIFTH SESSION OF WORKING GROUP A, DELIVERED BY MS MADURIKA WENINGER, MINISTER, PERMANENT MISSION OF SRI LANKA

Mr Chairman,

1. The Group of 77 and China is pleased to see you, Ambassador Azeez, chairing the Forty-Fifth Session of Working Group A. The Group takes this opportunity to renew to you the assurances of its full support and cooperation.
2. The Group thanks the Executive Secretary, Mr Lassina Zerbo, for his opening remarks and takes note of his reports on the verification and non-verification-related activities of the Provisional Technical Secretariat of the Commission; as well as of the Annual Report 2013.
3. On agenda item 3 on the review of Advisory Group (AG) recommendations, the Group of 77 and China thanks the Advisory Group and its Chairman, Mr Michael Weston, for their able and dedicated work, and takes note of the report of the Advisory Group at its Forty-Second Session and, in this regard, it would like to make the following comments:
 - 3.1. The Group of 77 and China shares the concerns of the Advisory Group over variations in post-certification activity (PCA) costs registered for some IMS stations over the years. The Group takes note of the attempts by the Provisional Technical Secretariat to provide – in compliance with the recommendation of the Advisory Group at its Forty-First Session – additional information on this issue, as is the case with the information contained in the Performance and Budget Report for 2013.
 - 3.2. We understand that operational costs may be high for some IMS stations due to specific factors such as those pertaining to their location. However, it is the view of the Group that PCA contracts should be subject to review in order to decrease the costs of operation. The Group of 77 and China appeals to host States and to the PTS to work together in order to correct the persisting imbalance in terms of the disparity in the costs associated to PCA contracts.
 - 3.3. We urge the PTS to provide the additional information that may be necessary to fully understand these variations in costs and we endorse the recommendation of the Advisory Group to this end, requesting issuance of an Information Paper prior to the Forty-Third Session of the AG in September 2014, that includes an explanation of yearly fluctuations in PCA costs for those IMS stations where such fluctuations bear no correlation with the local inflation rate.
4. On agenda item 4, the Group of 77 and China takes note of the accounts of the Preparatory Commission for 2013 and notes that, although not expressly stated therein, the External Auditor placed an unqualified opinion on the financial statements of the Commission subject to audit, for the financial period ended 31 December 2013.
5. With respect to the specific issues addressed by the External Auditor in the recommendations contained in his report, the Group of 77 and China would like to make the following comments:
 - 5.1. We stress the importance of recommendation 2, to keep reviewing unliquidated obligations (ULOs) on a quarterly basis with a view to improving their monitoring. The Group notes that this recommendation has been assessed by the External Auditor as warranting the highest priority. Although no issue was noted about ULOs coming from the General Fund operations, it was noted that the Capital Investment Fund (CIF)

contains an important amount of aged ULOs. We urge the PTS to monitor the percentage of ULOs in total expenditures, and to keep States Signatories regularly informed, in line with the recommendation by the External Auditor, as well as to enhance the review process itself with a view to providing assurances to States Signatories in terms of the robustness of internal controls and of cost-efficiency measures, as recommended by the Advisory Group at its Forty-Second session. This issue warrants consideration and action by the PTS especially in light of the fact that, as pointed out by the External Auditor in paragraph 55 of the Accounts of the Preparatory Commission, the budgets of the Preparatory Commission may be overstated as a result of recorded obligations that remain unliquidated.

5.2. While acknowledging a decrease in the number of consultants at the PTS from 2012 to 2013, the Group of 77 and China reiterates its concern over this matter and notes that this issue – as well as a related issue linked to the manner in which expenditures associated with the hiring of consultants are recorded – was raised by the External Auditor in his report. In this regard, the Group views with concern the statement contained in paragraph 79 of the said report, that in spite of Financial Regulations and Rules and related Administrative Directives, during the period under review, the PTS has engaged 25 consultants for tasks and duties normally assigned to staff members, and that it has inadequately recorded subsequent consultant costs and fees. It is important that, for the sake of transparency, the PTS treats consultants' expenditures in accordance with contracts and rules and that it adequately discloses the expenditures committed and paid to consultants, as recommended by the External Auditor.

5.3. We call on the PTS to follow clear practices when hiring short term personnel and consultants, especially in terms of the number and duration of contracts, their renewal, and the hiring of former staff members as consultants. The Group also recalls the importance of maintaining a balanced geographical distribution within the PTS.

Mr Chairman,

6. The Group of 77 and China takes note of the 2013 Programme and Budget Performance Report. We welcome the publication of this Report, which regularly provides detailed information on the performance of the PTS during the reporting period. The Group observes that the budget implementation rate for the General Fund in the Regular Budget went from 95.7% in 2012 to 92.9% in 2013. Without prejudice to breakdown of percentages per Major Programme provided in paragraph 2 of the Introduction and the supplementary explanation of allotment spending variances by Item of Expenditure (IOE), the Group would welcome further elaboration on the part of the PTS on the reasons for this overall decrease in the implementation rate from one year to the next.

7. We also take note of the initial draft 2015 Programme and Budget proposals, and thank the PTS for the briefing to States Signatories on 9 April. In this regard, we would like to make the following preliminary comments:

7.1. The Group notes that the 2015 proposal at 2015 prices entails a price adjustment of 1.7%, with a nominal increase of US\$2.13 million with respect to the 2014 budget, and takes note of the fact that of the 1.7% proposed price adjustment, 0.9% pertains to adjustments which exclude costs with an impact on post-certification activities. The Group looks forward to a substantive discussion on this proposal in the meetings of the informal open-ended working group established by the Preparatory Commission at its Forty-First session.

7.2. We take note of the intention of the Executive Secretary, to set up a donors' support group. The Group is of the view that voluntary contributions and contributions in kind should support the regular activities of the PTS, as defined in the annual programmes which are agreed by consensus by the Commission.

7.3. We also take note of the intention of the PTS to organize a Science and Technology Conference in 2015. The Group would welcome an assessment of the best periodicity of such event, bearing in mind the

general climate of austerity, the high priority of capacity building and training activities and the rate of technological development.

8. On agenda item 7 pertaining to human resources in the Provisional Technical Secretariat, the Group of 77 and China regrets late issuance of the two documents up for consideration under this agenda item. Notwithstanding this, we deem it opportune to reiterate its principle position on this matter. We consider the presence of women in the P and D categories of the utmost importance, as well as the existence of a balanced geographical distribution in the overall composition of the PTS. We call on the PTS to work proactively in the pursuit of these two objectives when recruiting staff to serve at the PTS. Far from being incompatible with professional competence and expertise, gender balance and geographical distribution are important considerations that need to be factored in during recruitment, in particular at the time of appointing staff in the professional categories.

9. The Group of 77 and China also encourages an increased participation of women in capacity building programmes and other activities. We strongly believe that gender balance in such activities would contribute towards the achievement of empowerment of women in the technical and managerial fields.

10. Lastly, Mr Chairman, the Group of 77 and China takes note of the Summary of Internal Audit Activities in 2013 (CTBT/PTS/INF.1278) and is pleased to note that the document reports an increased rate of implementation of IA recommendations. We also welcome the inclusion in the report of a list of recommendations closed during 2013. The Group encourages Internal Audit to include this information in future reports. We believe that the inclusion of information on both open and closed recommendations in the annual summaries of Internal Audit Activities is conducive to an enhanced transparency. We also encourage the PTS to take proactive steps so that the position of Head of Internal Audit, which has been vacant for over a year, can be filled in the near future.

Thank you.