



## VIENNA CHAPTER

STATEMENT OF THE G-77 AND CHINA DELIVERED BY H.E. AMBASSADOR SHEEL K. SHARMA, PR OF INDIA, DURING THE 11TH SESSION OF THE UNIDO GENERAL CONFERENCE, VIENNA, 28 NOVEMBER - 2 DECEMBER 2005

Mr. President (H.E. Mr. Miroslav SOMOL, Deputy Minister of Trade and Industry, Czech Republic),

It is with great pleasure that I congratulate you on behalf of the Group of 77 and China on your election as the President of the 11th session of the UNIDO General Conference. The Group is confident that your experience and skills will contribute to the success and fruitful conclusion of this General Conference. On behalf of the Group, I also take this opportunity to extend my congratulations to other members of the Bureau on their election. The Group would also like to thank your predecessor H.E. Mr. Claudio Moreno, former Permanent Representative of Italy for successfully steering the work of the 10th session of General Conference. The Group also expresses its appreciation to the Secretariat for the organization of this Conference.

Mr. President,

The Group of 77 and China welcomes the opening remarks by the Director-General, Mr. Carlos Magariños. The Group takes this opportunity to acknowledge the immense contribution of the Director-General for the achievements of UNIDO during the past 8 years. His creative and innovative leadership has brought a fresh profile for UNIDO as a UN specialized agency. The Group of 77 and China believes that the gradual transformation of UNIDO from its past crisis to present success is entirely due to the commitment and dedication of Mr. Magariños and his staff. The Group of 77 and China wishes Mr. Magariños all success in his future endeavours and believes that the Conference will pay a well-deserved tribute to the outgoing Director-General.

Mr. President,

I would be commenting on the agenda items 7, 8, 9, 10, 11, 12, 13, 14 15 and 18 on behalf of the Group of 77 and China.

### **Agenda Item 7: Annual Report of the Director-General**

Mr. President,

The Group of 77 and China is of the view that the high technical cooperation delivery of USD 98.8 million achieved in the year 2004 is commendable, following its successful trend since 2003. This figure is even higher than the levels reached in 1997 when the regular budget was 20% more than the present level.

The Group takes note of the tabulated summary provided on technical cooperation (TC) delivery in selected areas of competitive economy, sound environment and

productive employment. The global forum activities of the Organization should be carefully focused to complement the technical cooperation projects.

The evaluation of UNIDO's programmes in selected countries, carried out during 2004, should help in refining the technical cooperation guidelines. The Group is confident that these evaluation results would further improve the performance and results of UNIDO's corporate strategy, including its funds mobilization.

The newly established alliance between UNIDO and the UNDP is expected to further improve its technical delivery mechanisms and improve inter-agency cooperation and is significant in the context of the UN reform process. The Group would like to reiterate that, with reference to decentralization of its activities, interventions and field representation, UNIDO should expand its field presence in a step-by-step approach, within the limits of the existing budgetary resources and in close consultation and co-operation with Member States.

The Group also takes note of and welcomes the projects undertaken by UNIDO to promote South-South cooperation. This aspect should be further strengthened. The Group welcomes the projects and activities undertaken by UNIDO to promote the attainment of the Millennium Development Goals through South-South co-operation and encourages the Secretariat to continue to participate actively in promoting South-South Cooperation.

The establishment of the four new Programme Approval Committees and the adoption of thematic and results based approach for the formulation of the programme and budget proposals are important developments. The Group agrees that the concept of Results Based Management (RBM) should be built into integrated programmes and projects during the initial formulation stage. Identification of clear and realistic objectives and outcomes, including result indicators is necessary.

#### **Item 8: Reports of the Industrial Development Board on the work of its Twenty-eighth, Twenty-ninth and Thirtieth regular sessions**

Mr. President,

The Group of 77 and China welcomes the adopted recommendations contained in the External Auditor's report for the financial period 2002-2003. The Group urges the Secretariat to take the necessary steps to ensure the full implementation of the recommendations by the External Auditor without delay with the view to timely improve the financial performance of the Organization and enhance technical cooperation delivery.

The Group is pleased with the recommendations of the Evaluation Group to the Secretariat to introduce the principles of results-based management in all technical cooperation activities. This would ensure coherence, sustainability and focus on the achievement of the Millennium Development Goal-related targets at the country level.

#### **Agenda Item 9: Forum on Industrial Development Issues**

Mr. President,

The Group of 77 and China welcomes the holding of the Industrial Development Forum with particular focus on Industrial Development, Trade and Poverty Alleviation through South-South Cooperation. The Group views this Forum as an excellent opportunity for UNIDO to assess its accomplishments, while at the same time provide it with relevant guides for its future work. The Group recommends that UNIDO takes consideration of the outcomes of the discussions in the Industrial Development Forum to formulate concrete programs of actions and funds mobilization to expand UNIDO's South-South Cooperation activities. While the Group urges the Secretariat to maintain South-South Cooperation as one of the major topics for future Industrial Development Fora for the General Conference, it recommends that outcomes of such discussions are translated into a comprehensive strategy.

#### **Item 10: Financial matters**

The Group of 77 and China takes note of documents GC.11/13 and GC.11/10 and wishes to express its concern that 45 Member States have lost voting rights as of 22 November 2005.

The Group therefore urges those Member States and former Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years' arrears, as well as towards the security enhancements, to do so without delay. The Group further requests the Director-General to continue to pursue his efforts and contacts with Member States to effect the collection of arrears and fulfillment of their financial obligations. The Group welcomes the initiative of Afghanistan, Azerbaijan, Belarus, Lithuania, Kazakhstan, Slovenia and Ukraine to take advantage of and conclude payment plans with UNIDO to settle their outstanding arrears.

Mr. President,

The G-77 and China takes note of the information concerning incentives and disincentives following precedent in other UN Organizations, and the fact that the only measure on which action had so far been taken was multi-year payments plans, which do not impede programme implementation and technical cooperation delivery to Member States.

Finally, the Group welcomes the adopted recommendation regarding the encouragement to Member States and other donors to increase their voluntary contributions to UNIDO and to consider contributing programmable funds, especially to enable UNIDO to implement Integrated Programmes and the Country Service Frameworks in a coordinated manner to achieve greater synergy and increased impact.

#### **Agenda Item 11: Implementation of the Medium-term Programme Framework**

Mr. President,

The Group acknowledges the crucial role and potential, investment and technology promotion can play in creating conducive national environment to attract direct foreign investment. In this regard the Group welcomes that UNIDO has extended

assistance for the establishment of national Investment Promotion Agencies (IPAs) as well as building such capacities and upgrades through training and establishment of new programmatic activities.

The Group is of the view that greater efforts be geared towards the enhancement of cooperation activities with other international organizations in order to harness the implementation of MTPF in the area of trade-capacity building. As regards sustainable energy and climate change, UNIDO's energy programmes that aim at providing modern energy services and promoting income-generating activities are commendable. Such initiatives should be reinforced on a wider spectrum in developing countries and LDCs so as to ensure the realization of the objectives of the Millennium Development Goals. The Group is of the view that these efforts should lead towards the promotion of business partnerships to support energy efficiency and cleaner technologies.

#### **Item 12: Medium-term 2006-2009**

Mr. President,

With regard to the Medium Term Program Framework (MTPF) for 2006-2009, contained in document GC.11/12, the G-77 and China is of the view that the components of this MTPF reflect continuity with the previous ones, and are more elaborated and focused on the relevant priorities in developing countries such as investment promotion, technology transfer, trade facilitation, capacity building, market access, private sector development beside those related to environmental issues.

The G-77 and China notes with appreciation that the contents of the MTPF fall within the scope of the Millennium Development Goals as well as the outcomes of the 2005 World Summit held last September in New York.

While appreciating this framework, the G-77 and China believes that adequate measures should be taken to ensure its effective implementation, through the mobilization of Funds and the provision of technical assistance. In this context, UNIDO should continue to seek the necessary financial resources to meet technical cooperation demands.

Furthermore, the implementation of the MTPF should be in line with UNIDO's Long Term Vision covering the period 2005-2015.

#### **Agenda item 13: Strategic Long term Vision Statement**

Mr. President,

With regard to the Strategic long-term vision statement the G-77 and China commends the Secretariat for its untiring work put in developing the Vision Statement. The Group also appreciates the useful contribution by all the Member States that took part in the preparation of the vision statement.

Unevenness of the global development picture is one of the greatest challenges of this age. UNIDO can play an important role in narrowing this widening gap between the

developed and developing countries. The Group of 77 and China considers the LTVS to be a useful document in shaping UNIDO's future and in contributing towards meeting this challenge.

The Group would like to draw Member States attention to the fact that the full and proper implementation of the LTVS, is dependent upon availability of sufficient resources. Thus while the decentralization process could prove to be one way to better utilize human resources, the Organization remains constrained in terms of assured and guaranteed flows of financial resources.

The G-77 and China emphasizes the role UNIDO is playing in the industrialization of the developing world. The Group feels that formulation of targets to meet this goal are a necessary step in gauging and enhancing the Organization's performance. While the Group is conscious of the difficulties involved in formulating measurable and achievable targets, it is confident that this task is not impossible.

The Group thinks that formulation of such targets could help in sharpening the focus and spurring the efforts of the Organization, thus allowing it to fulfil its aims and objectives. These targets and their achievement would also prove a means to seeking greater financial resources.

The G-77 and China appreciates the process of close consultations with Member States during the preparation of the LTVS and hopes that these close consultations will continue in future.

#### **Item 14: Programme and budgets, 2006-2007**

The G-77 and China has carefully studied documents GC.11/7 and GC.11/7 Add.1 and is in agreement that the programmatic activities of UNIDO during the next biennium will continue to focus on making an active contribution towards the achievement of Millennium Development Goals within the mandate and competence of the Organization.

The G-77 and China takes note that the programmes related to the provision of substantive technical and Global Forum Activities have been substantially altered as compared with the Programmes of the biennium 2004-2005. We recognize that the new programmes are providing specialized services to meet developmental needs associated with Major Programme C (Energy and Environment), D (Trade Capacity Building) and E (Poverty Reduction through Productive Activities).

The Group of 77 and China is of the view that in order to achieve the objectives set by Member States in implementing the mandate of the organization, the Secretariat needs to be provided with appropriate human and financial resources, both in terms of ordinary budget and voluntary contributions. Therefore, the Group believes that there is a need to increase the resources directly related to Major Programmes C, D, E and F which are the cutting edge of UNIDO's mandate and core business.

However, in the spirit of compromise, the Group of 77 and China expressed its support to the decision taken in the 30th session of the IDB regarding the adoption of the Programme and Budget for 2006-2007 requesting the Director-General to submit to the eleventh session of the General Conference revisions to document IDB.30/6

reflecting the adjustments necessary, taking into account the need to allocate appropriate resources to major programmes C, D, E and F.

### **Agenda item 15: Implementation of the Cooperation Agreement with the United Nations Development Programme**

Mr. President,

The G-77 and China has examined document GC.11/7, IDB.30/1 and notes that for the purpose of identifying the locations of the UNIDO desks (UDs) for the pilot phase of the Agreement, the Secretariat has applied the criteria defined and the indicators developed in November 2004. The G-77 & China, however, understands that the future placement of UNIDO Desks would be guided not only by these criteria but also the improvements suggested to them by the G-77 and China, as well as the experience gained so far in this field which should be given due consideration. Needless to mention that location/conversion of a UNIDO Country Office to a UD in a country would take place in close consultation with the concerned country.

The G-77 and China is encouraged by the projected figure of opening 14 UNIDO Desks by this session so as to increase UNIDO field representation by almost 50% of what it was before the conclusion of the Cooperation Agreement. The Group hopes that greater field representation will lead to greater fulfilment of UNIDO's mandate.

As regards the UNIDO-UNDP joint programme development, the Group notes that three joint programmes have been fully formulated while a number of them are at various stages of development. It is hoped that once the process gains momentum and practices and procedures are evolved, the pace of project formulation/implementation will rise considerably.

The G-77 and China is encouraged by the fact that the UNIDO-UNDP Agreement has attracted the attention of various donor agencies. The G-77 & CHINA hopes that UNIDO will work towards translating this interest into greater fund mobilization for the Organization. The Group notes the mention of other UN agencies joining the initiative, and requests the Secretariat for provision of additional information on this point.

The Group also takes note that eight UNIDO Desks were operational by mid-May 2005, while opening procedures for another twelve were at different stages. The G-77 and China considers holding of the training sessions and preparation of operational guidelines an important step towards the implementation of the Agreement.

To capitalise upon the strengths and successes of the Organization and to ensure continuation of the same in the long term, the Group would request the Secretariat to draw comprehensive future plans keeping in view the scenario expected after the pilot phase and the completion of the Agreement. This would ensure a smooth transformation.

The G-77 and China looks forward to the success of the pilot phase.

### **Item 18. Appointment of the Director-General**

Mr. President,

The Group of 77 and China would like to express its heartiest congratulations and warmest welcome to Mr. Kandeh Yumkella, on his appointment as the new Director-General of UNIDO by the 11th General Conference.

The appointment of Mr. Yumkella as Director-General is of special significance to the Group of 77 and China. The Group recognizes in Mr. Yumkella, a person with knowledge of the Organization and immense practical and professional experience who understands the needs and concerns of UNIDO Member States. We are positive that technical cooperation activities will be further sustained and strengthened, since Mr. Yumkella himself has participated in UNIDO's success story in the past eight years.

The achievements of Mr. Carlos Magariños as Director General during his tenure have set the Organization on a new path. In particular, the attainment of financial stability, the significant increase in mobilization of funds for technical cooperation activities, the establishment of a more distinct methodology for the development of integrated programmes, the greater focus in UNIDO services and the recognition of UNIDO in the UN System as well as in the area of international cooperation, among others, are the legacy of Mr. Magariños.

We are confident that Mr. Yumkella will build upon these achievements and turn the Organization into a more vibrant actor in the promotion of development and poverty alleviation, and the gradual attainment of the Millennium Development Goals.

Mr. Yumkella, you can count on the full support from the Member States of the Group of G-77 and China and consider us your valuable partners in the fulfillment of the Organization's aims and objectives.

Thank you, Mr. President.