



VIENNA CHAPTER

STATEMENT OF THE G-77 AND CHINA AT THE 8TH SESSION OF THE UNIDO GENERAL CONFERENCE, VIENNA 29 NOVEMBER - 3 DECEMBER 1999, DELIVERED BY H.E. AMBASSADOR Y.M. TIWARI, PERMANENT REPRESENTATIVE OF INDIA, CHAIRMAN OF THE G-77

Mr. President,

1. I have the honor and privilege to speak on behalf of the G77 and China and to express my congratulations on your well-deserved election as the President of the Eighth Session, and also to the members of your bureau. We are confident that you would use your rich diplomatic skills to bring the Conference to a successful conclusion. Be assured of our full cooperation. Permit me also to extend our best wishes to His Excellency Mr. Hans Förster of the Netherlands, the President of the Seventh Session, for the commendable manner in which he steered the work of that session.

2. At the outset, the Group would like to extend its appreciation to the Director-General, Mr. Carlos Magariños for his indefatigable efforts, and to his dedicated staff for having done a commendable job in the preparation and production of the extensive documentation for the Conference, including that of the Forum on Sustainable Industrial Development. It is our firm belief that UNIDO must be assisted to continue to play its key role of promoting industrial development in our countries. In this context we would particularly express our appreciation for the setting up of the G-77 Chapter Office in Vienna at the initiative of UNIDO. This office has done sterling work in assisting the G-77 and I would like to place on record my appreciation for the dedication and efficiency of the Secretary of the G-77 Office, Ms. Annemarie Heuls. As an example of excellent coordination between the G-77 and the Secretariat we have been able to formulate a pilot project in Central America "Technical Skills Training and Entrepreneurial Development for School Leavers in Guatemala, Honduras and Nicaragua", and also to obtain funding for the project thanks to the generous cooperation of the Austrian Government. This is a good example of how the G-77 can itself contribute to develop further technical cooperation at both the country and the regional level.

3. The G-77 hopes that this Conference being held on the eve of the beginning of a new century indeed a new millennium, would afford us the opportunity for constructive discussions that would address the issues of industrialization in our countries. Globalization essentially based on competitiveness would lead to gargantuanism of the competitive industries and organizations at the cost of marginalization of the rest even though it could lend dynamism to industrialization. In a world of really free market, this might be acceptable but with the emergence of trade blocs, protectionism and increase in non-tariff barriers, globalization could directly harm interests of the less educated and privileged not only within the developed world but the developing world on the whole.

4. Let me draw your attention in this context to the statement by the Ministers of the Group of 77 convened in New York on 24 September 99 in the context of

preparations for the South Summit to be held in Cuba in April 2000. The Ministers reaffirmed the continued urgency of promoting industrialization as a dynamic instrument for acceleration of economic and social development and as a key contributor to the eradication of poverty and the creation of productive employment in the developing countries. The Ministers called upon the international community including the relevant organizations and bodies of the United Nations and in particular UNIDO to support the implementation of the Programme for the Second Industrial Development Decade for Africa so as to enable African countries to promote industrialization.

5. The Ministers strongly supported the key role of UNIDO in promoting sustainable industrial development and the transfer of environmentally sound technologies to developing countries and in supporting their efforts to promote sustainable development. They welcomed the efforts of UNIDO to decentralize its activities to provide more effective support to development. They called upon all member states to renew and strengthen their political and financial support to the Organization to enable it to carry out its new mandate.

Mr. President,

6. Globalization would not by itself lead to greater competitiveness of industries in the developing countries. This can happen only if the global community, specially the Governments and inter-governmental organizations like UNIDO, are integrally involved in nurturing competitiveness of industries in developing countries, especially the small and medium sector industries. This would have to be combined also with sustained and systematic efforts for greater and easier market access in the developed world for the products of the developing countries.

7. With respect to the items of the agenda of the conference, I wish to state that the Group has carefully reviewed the financial situation of UNIDO and observed that the collection rate of assessed contribution for 1999 stands at 82.7%. In addition, 63 member states (as of 30 November 1999) have lost their voting rights at the General Conference in 1999 as against 59 in 1998. We therefore wish to reiterate our call that serious and meaningful efforts be made by all Member States to pay their assessed contributions in full and on time. In addition, we also believe that the financial situation of UNIDO would be substantially improved if the United States of America honors its obligations by effecting prompt and full payment of its outstanding assessed contribution.

8. The G77 is pleased with efforts by UNIDO to provide effective support for industrial development in our countries. We wish to commend the achievements made by UNIDO as a result of drastic reform since the last General Conference. However, UNIDO is still shackled by many constraints. Let us now work together to overcome these constraints. To enable it to carry out its mandate successfully, financial support must be provided to the Organization. At the moment, resources allocated for technical cooperation have remained fixed and insignificant; besides, there has been a steady decline in the volume of contributions to the IDF. For instance, in 1996 the contribution was US\$24 million, it declined to US\$16 million in 1997 and further dipped to US\$14 million in 1998 - indicating a decline of almost 50%. There is no indication as yet that the 1999 figure will be any better. Mention must also be made that there has been a steady decline of ODA to less than one-third of the internationally agreed target of 0.7% of the GNP of donor countries, and at a time

when many developed countries have reduced budget deficits and some are enjoying unprecedented surpluses.

9. In this context, the G-77 wishes to commend the Danish Model, whereby funds are provided to UNIDO annually for programmes in Sub-Saharan countries. We hope that other regions could also benefit from this model. The G-77 wishes to express its appreciation to UNIDO and the government of Japan for establishing the Asia-Africa Investment Technology Promotion Centre (AAITPC) in Malaysia. The Group is confident that the Centre will help to bring the business communities from Asia, Africa as well as other countries together and further promote investment in Africa. It is clear that UNIDO requires adequate, efficient, predictable and programmable funding. We commend and support the new joint strategy of partnership between the Organization, recipient and donor Governments to mobilize funds for the Organization. In this connection, the G-77 considers the suspension of the relevant Financial Rules to enable UNIDO to use the unutilized balances of appropriations for the biennia 1992-1993 and 1996-1997 for the implementation of the integrated programmes, as a step in the right direction.

10. The Group of 77 would also like to point out the urgent need for more efforts for fund mobilization. This will facilitate future action by UNIDO and speed up the process towards the achievement of a stronger and more stable extra-budgetary funding base for the Organization. In this connection, the limitation faced by UNIDO by only being able to devote 6 % of the Regular Budget to technical cooperation activities should be recognized. We, therefore, urge all Member States to increase their contributions to IDF, and make them more flexible and also call upon recipient countries to contribute as well, as a sign of their ownership of the process.

11. The other issue that we consider important is the question of the Global Environment Facility. Under UNIDO's activities with respect to environment, funding from the GEF constitutes a major potential source. We firmly believe that GEF as also the developing world would also benefit from UNIDO's expertise. The Group of 77 has always emphasized the need to expand the number of GEF executing agencies. We would therefore urge that UNIDO should be as active as possible in identifying, preparing and executing GEF projects in coordination with UNDP and UNEP. This will be important so that UNIDO's linked technology centres can also work to identify GEF related projects and opportunities.

12. As we have stated on earlier occasions, the Secretariat in its employment procedures needs to take into consideration the principle of equitable geographical distribution, as stipulated in its Constitution, to enhance its universal character. Similarly on the Field Representation, we support UNIDO's efforts to decentralize its activities, as it strengthens national capabilities for programme implementation.

Mr. President,

13. There is no doubt that UNIDO's activities have been beneficial to many developing countries. However, to make a greater impact, the Organization needs to retool its public information strategy to make its activities and mandate known to the public both in the recipient and the donor countries.

14. Mr. President,

let me now address the question of funding for technical cooperation projects and particularly for integrated programmes. We would recall that the process of reform began in 1993-1994. For five years now UNIDO has been under severe constraints and unable to function effectively as it has had to go through a painful and drastic transformation at the behest of developed States. In 1997 major donors, particularly the EU and Japan, took the initiative to reduce the mandate and scope through further restructuring which led to both the budget and the staff being finally reduced to half their original dimensions. In the intervening two years the new Director-General has sincerely and energetically implemented the mandate given to him, especially in evolving service modules and integrated programmes as laid down in the Business Plan. UNIDO is the first UN organization to transform and restructure itself. Yet it appears that instead of being rewarded, it is being penalized. Donor countries should have, by now, recognized UNIDO's achievement and come forward with adequate and even generous voluntary contributions to allow the organization to implement its integrated programmes and other projects. The timing is crucial - UNIDO is at crossroads - if voluntary funds are not made available now, then the entire transformation becomes a futile exercise. We urge major donors to keep faith with the process we all initiated together in the spirit of consensus and partnership to demonstrate their support in concrete terms.

15. Finally, economic history has taught us that no country had developed without industrialization, and research has confirmed that countries with the highest rates of growth of gross national product were those that had shown the highest rates of manufactured value added (MVA). Therefore industrial development in our countries is a strong basis for fighting poverty effectively, and a driving force behind technological advances, as well as the key to social economic progress that is capable of providing employment and prosperity. For this reason industrialization needs to be given the importance it deserves by the international community.