



STATEMENT OF THE G-77 AND CHINA DURING THE 19TH SESSION OF THE UNIDO PBC, 28-30 APRIL 2003 DELIVERED BY H.E. AMBASSADOR ROBERTO ABDENUR, PERMANENT REPRESENTATIVE OF BRAZIL

Mr. Chairman,

It gives me great pleasure to congratulate you on behalf of the Group of 77 and China on your election as the Chairman of the 19th Session of the Programme and Budget Committee. We are confident that under your able leadership this Session of the PBC will unfold in a smooth manner and reach fruitful conclusions. I would also avail myself of this opportunity to congratulate the other members of the Bureau on their election. The Group would also like to thank your predecessor, H.E. Mr. Claudio MORENO, Permanent Representative of Italy, for his commendable conduct of the previous PBC meeting.

The Group is grateful to the Secretariat for making the necessary arrangements for the meeting and producing the required documentation. However, it regrets concern over the delay in issuing some of the most important documents, like PBC.19/3, "Programme and Budgets 2004-2005" which was not issued in all official languages in due time. Some of the delegations therefore could not prepare their remarks and comments properly.

The G-77 and China will be making comments on Agenda items 3, 4, 5, 6, 7 and 9 in the course of discussions on each item. I would restrict my intervention to comments on item 4 and 9 for this opening statement.

Item 3: Interim report of the External Auditor, financial performance report and programme performance report for the biennium 2002-2003

The Group of 77 and China takes note of the observations and recommendations of the interim report of the External Auditor, the financial performance and programme performance report for the biennium 2002-2003 and the comments of the Director General on the report. The report contains useful suggestions for improving the organizational efficiency of UNIDO in the fields of administration, management, and fraud prevention and performance measurement.

The Group would like to take this opportunity to highlight the findings and recommendations regarding the performance of the Internal Oversight Group and hopes that with the establishment of the Office of the Comptroller-General the internal oversight and control functions of UNIDO will be consolidated and strengthened.

The G-77 and China supports the External Auditor's recommendation to develop and implement a comprehensive fraud prevention strategy and contingency policy and calls on the Secretariat to take prompt and appropriate steps in this direction. This does not in any way mean an indication of the existence of suspicion of fraud in the

Organization, but the recognition that the implementation of such strategy is a commendable measure.

The Group also shares the view of the External Auditor regarding the urgent need to develop predetermined and measurable performance indicators in order to ensure the successful implementation of the business plan. The Group calls upon the Secretariat to seek, as a priority, the development of such indicators.

Item 4: Financial Situation of UNIDO

The G-77 and China has studied document PBC.19/10 and notes with satisfaction that the financial statements present a better collection rate of assessed contributions of 93.1 per cent for 2002, as compared to the years 2000 and 2001, which is also the highest since UNIDO became a specialized agency. The Group is still concerned that the voting rights of 50 Member States have been suspended as of 31 December 2002. The total of outstanding contributions to UNIDO amounted to € 139, 00 million, out of which € 71.3 million are owed by former Member States, as of 28 February 2003. We therefore call, once again, upon all Member States and former members to pay their arrears and their assessed contributions in full and in a timely manner. The Director General is requested to continue engaging the members and former members of UNIDO to pay the outstanding arrears in full. The member states should be kept apprised of the developments in this regard.

The Group notes with appreciation that payment plans for the Ukraine and Azerbaijan (€9.7 million and € 1.3 million respectively) have been approved and as of 31 December 2003 the two member states had paid a total of € 2, 048, 318 and € 129, 933 respectively. The financial performance, service delivery and reputation of UNIDO depends on the dedication of Member States to meet their obligations and in this regard the examples set by the Ukraine and Azerbaijan are welcomed. We commend the Director General for his endeavours in this regard.

While the Group invites Member States to pay their arrears and assessed contributions in full and in a timely manner, it also urges former members to fulfil their obligations towards the Organization in an equally timely manner.

In this regard, the Group notes the positive response from the United States of America that it was willing to meet its financial obligations to UNIDO. The Group will further appreciate information on the developments at the UN General Assembly regarding the arrears of the former Yugoslav Republic.

The Group appreciates the information on "Incentive and disincentive schemes in other United Nations Organizations" with regard to timely payment and arrears of assessed contributions, provided in annex III of document PBC.19/10. The Group feels that UNIDO should continue its present practice in this regard.

The Group also notes that the delivery of technical cooperation activities in 2002 amounted to \$81.8 million, which was higher by \$13.1 million as compared to the \$68.7 million implemented in 2000; however, the 2002 delivery target of \$90 million, forecast in document PBC.18/10, was not achieved. In this regard, the Group encourages the Secretariat to take every effort to increase the delivery of technical cooperation in 2003.

Item 5: Programme and budgets 2004-2005

1. Major Programme A: Governing Bodies

The Group of 77 and China supports the reduction of 5 per cent of the budget for this Major Programme, reflecting continued savings arising from shorter sessions of the policy-making organs in recent years which has been approved by Member States through each session.

In this connection, the Group would like to call upon all the Member States to facilitate the work of the Secretariat and provide a constructive environment, particularly from the economic point of view.

2. Major Programme B: General Management

The Group Takes notes of the increase of 4.5 per cent of the budget for this Major Programme due to increases in Programmes B.2, United Nations System Coordination, and particularly B.4, Comptroller General.

The Group would appreciate provision of more information on Programme B.2, UN System Coordination, particularly with regard to the work undertaken by the New York and Geneva Offices to ensure consistency of UNIDO policies with the guidance provided by the General Assembly, ECOSOC and the major international conferences such as the Millennium Summit and 3rd UN Conference on LDCs. A study on the benefits accrued to UNIDO as an organization because of its representation in Geneva and New York may also be conducted and made available to the Member States.

The Group would like to express its support to the establishment of the Office of the Comptroller General -Programme B.4- which will ensure that internal control mechanism works efficiently and effectively through proactive review of all operations of UNIDO.

The Group would like to stress that the Secretariat should continue to strive for achieving a greater gender balance and equitable geographical distribution in recruitment for various posts in UNIDO. In additional vacancy announcement to the Member States should be made in a timely manner and more time allotted for sending nominations.

3. Major Programme C and D:

The Group of 77 and China notes that the pre-eminent status of these programs has been retained in accordance with the core UNIDO mandate, i.e. to provide technical co-operation and global forum activities.

It is, however, of concern to the G-77 and China that the a reduction of resources under Major C by 3,2% and 1,4% for Major D had to be made due to negative growth projected for the operational budget during the next biennium.

The Group believes that Program C & D are at the cutting edge of UNIDO's mandate and core business. The G77 and China cannot over-emphasize the critical importance of ensuring under the provisions of Major Program C so that developing countries and countries with economies in transition have ready access to knowledge, skills and technology relevant to industrial development and economic transformation.

The Group notes with satisfaction that the various sub-programs under Major Program C have been retained. The Group believes that these sub-programs are a key to UNIDO's delivery of technical co-operation activities. The Group notes with appreciation that the proposals entailed in both Program C & D have in line with our guiding documents, i.e. business plan, the medium-term program framework 2002-2005, and the strategic guidelines "Towards improved UNIDO program delivery".

The G-77 and China wishes to underscore to the Secretariat that the percentile reductions of resources for both programs should in no way negatively hamper UNIDO's program and project delivery. Technical co-operation delivery remains critical to the Group of 77 and China.

4. Major Programme E: Regional Programme

The Group takes note of the Director General's proposal to increase allocation under the Major Programme E by approximately 0.6% and the proposal of setting up two new field offices. The Group is of the view that the activities classified under major programme E have a pivotal role in realization of UNIDO's overall objectives. It is important that the Regional Bureaux and Field Offices should continually re-define and re-orient to accommodate the diverse regional situation and the specific needs of the recipient countries while in keeping with the UNIDO's Business Plan, Medium-term programme frame work for 2002-2005 (GC. 9/Res.2) and Strategic Guidelines "Towards improved UNIDO programme delivery (decision IDB.26/Dec.7) as well as Millennium Development Goals (UN Millennium Declaration 8 Sep 2000) such as eradicating poverty, promoting gender equality and developing global partnership for development.

The Group feels that fund mobilization is an important responsibility of the Regional Bureaux and Field Offices. It is not sufficient to develop concept papers, feasibility studies, Programme Strategy Papers, Integrated Programmes (IP), Country Service Framework (CSF) and Service Summary Sheets etc. without having sufficient resources made available subsequently to finances these activities. At the end of 2002 total funds raised for IPs and CSFs amounted to \$ 105million as against the total planned activity of \$ 256 million. The fund allocation is significantly poor in some countries of the Group of G-77 and China. The field bureaux and offices should therefore routinely and periodically engage in fund mobilization activities such as bilateral consultations with development-partner countries, organization of country promotion seminars and development-partner conferences, at least in their host countries. Representatives of development-partner countries' embassies and representatives of multilateral agencies could be invited to these moots. Activities undertaken for fund mobilization should be made a part of evaluation of field representatives as well as the IP/CSF team leaders.

UNIDO Regional Representative Bureaux and Offices should continue to promote organizations services in the field and ensure their coherence with the needs of the recipient countries. In this regard UNIDO Exchange should provide a more proactive platform for promotional and information activities with a view to increased effectiveness of its services. The emphasis should be not only to act as a catalyst but to seek out bringing the partners for industrial development in developed, developing and economies in transition together.

5. Major Programme G: Buildings Management

The Group recognizes the rising demand for the maintenance and repair of the buildings and their integrated installations, and acknowledges the Building Management Service (BMS)'s efforts at improving efficiency of its operation and replacement programmes.

6. Major Programme H: Indirect Costs

The Group welcomes the inclusion of UNIDO's contribution to after-service health insurance as a liability under this programme and finds its separation from all other major programmes suitable. The Group also encourages the UNIDO to prevent further delays in the implementation of the asbestos removal programme.

Item 6: Scale of assessment for apportionment of regular budget expenses for the biennium 2004-2005

The Group takes note of the scale of assessment for apportionment of the regular budget expenses for fiscal period 2004-2005 proposed by the Secretariat. In accordance with UNIDO's past practice the Group supports the proposed scale of assessment on the basis of most recent United Nations scale available at the moment. However, in case a more recent scale is adopted by the UN General Assembly before the 10th Session of UNIDO General Conference in December 2003, the same should be brought to the attention of Member States for consideration.

Item 7: Working Capital Fund for biennium 2004-2005

The Group has taken note of Director General's proposal for Working Capital Fund for biennium 2004-2005, contained in document 19/4. The Group supports the maintenance of Working Capital Fund for 2004-2005 at the current level of € 7,423,030 and its utilization as mandated by the General Conference decision GC.9/Dec.13. At the same time member states are urged to pay their outstanding assessed contribution in a timely manner to minimize the need to withdraw sums from Working Capital Fund to meet the shortfalls in payment of assessed contributions.

Item 9: Financing of UNIDO programmes, including new initiatives for fund mobilization

The Group of 77 and China appreciates UNIDO's continuous effort to consolidate the organization and enhance its profile in the interplay among international organizations. This should lead to the improved delivery of UNIDO technical cooperation through inter-alia enhanced effective implementation of the approved programmes and projects. In addition, it should lead to the search for a broadened array of sources of funds. This should include continuing negotiations with non-Member States or former Member States with a view to stimulating them to join or rejoin the Organization.

The Group encourages UNIDO's innovative initiatives, such as establishing thematic partnerships between UNIDO's programme and donors, that could enlarge the window of opportunity for financing its programmes and projects. It is pleased to note that UNIDO launched the initiative regarding "Enabling developing countries to participate in international trade"-strengthening the supply capacity, presented jointly

with the European Commission during the International Conference on financing for development, Monterrey, Mexico in March 2002. Besides attracting a high level of interest, the initiative was also followed by the establishment of a dedicated trust fund which would allow UNIDO to programme the funds within a defined set of activities. The Group commends the establishment of the trust fund related to UNIDO's initiative on rural energy for productive use, launched during the World Summit on Sustainable Development at Johannesburg in September 2002.

The Group welcomes the establishment of a new programme for financial resource mobilization in major programme E of the proposed Programme and Budget 2004-2005. The programme, which will be responsible for the coordination of resource mobilization for UNIDO activities, is expected to be more fruitful and effective.

UNIDO's efforts, which were started in 2000, to obtain direct access to GEF funding as executive agency with expanded opportunities are commendable. These efforts resulted in increasing levels of GEF funding, amounting to USD 20.2 million in 2002, almost double the level received in 2001. However, the increased funding from GEF and other international organizations should not prevent us from strengthening the resource mobilization base of the Organization itself.

Thank you, Mr. Chairman.