



VIENNA CHAPTER

STATEMENT OF THE G-77 AND CHINA AT THE AT THE SIXTEENTH SESSION OF THE PROGRAMME AND BUDGET COMMITTEE 4-5 SEPTEMBER 2000 - DELIVERED BY H.E. AMBASSADOR MR. F. PITTALUGA-FONSECA, PERMANENT REPRESENTATIVE OF URUGUAY, CHAIRMAN OF THE G-77

On behalf of the G77 and China, I am pleased to express to you, Excellency, our sincere congratulations on your election as Chairman of the 16th session of the PBC. At the same time, I would like to thank your predecessor, His Excellency Mr. Alojz Némethy, for his excellent job in chairing the work of the last PBC.

The group commends the Secretariat for the preparation of the documents and expresses its appreciation to the Director-General, Mr. Carlos Magariños, for his introductory statement and his wise leadership. The Group wishes to comment on the agenda items 3 to 9 and I will express the views of the Group on each Item in due time.

Item 3 : External Auditor Report

The Group welcomes the new format of the External Auditor report as presented in document PBC 16/4.

The Group finds that the External Auditor's report contains several issues of great importance, in particular, points relating to the technical co-operation activities, management, budgeting and administration. In this respect, we are paying much attention to the recommendations in the report and we will be following the process of their implementation.

The Group has noted with concern the facts pointed out in the External Auditor's Report on the ratio between the estimated delivery and the total expenditures since the biennium 1994-1995, and the decreasing funds from UNDP which traditionally has been a major partner and source of funding. From USD 195.5 million in the biennium 1990-1991 funding from UNDP decreased to USD 34.6 million for the biennium 1998-1999. Similar drastic reductions have taken place in the finances from Trust Funds and IDF. The financing of the regular programme of technical cooperation has also decreased by about 27 per cent compared to the biennium 1990-1991.

The Group is of the opinion that a lot of improvement can be achieved and we are fully confident that the Secretariat shall take the necessary steps to ensure the effectiveness and efficiency of the Organization.

Item 4: Financial Situation of UNIDO, including arrears

The Group is concerned that the financial situation of UNIDO continues to be serious with adverse effects on the operational activities of the Organization. We therefore call, once again, upon all Member States to pay their arrears and their assessed

contributions in full and on time.

The G-77 and China urges both the current and previous Member States which are in arrears to settle their dues without further delay.

Item 5 & 9: Mobilisation of Financial Resources

The G-77 and China takes note of document IDB.23/5 PBC.16/6 and the chapter III (E) of annual report regarding the progress made on mobilising financial resources for Technical co-operation program.

The Group commends the secretariat for its efforts in mobilising extrabudgetary funds for UNIDO's Technical co-operation activities.

However, the Group of 77 and China is aware of scarcity of funds and recognises that it is a shared responsibility of all member States together with UNIDO to mobilise adequate resources, in order to enable UNIDO to deliver its services which are on high demand from its clients. The 22nd session of IDB adopted the decision IDB.22/Dec.2 on financing the integrated technical co-operation programs in developing countries with a view to increasing Member States participation in Industrial Development Fund in order to render its resources adequate and more assured. The Group believes that, for UNIDO to discharge its mandate it is absolutely essential to ensure that its extrabudgetary resources are more predictable.

Item 6: Financial Regulations

The Group seizes this opportunity to thank the Chairperson of the Intersessional working group, H.E. Ms. Irene Freudenschuss-Reichl for the Interim report contained in document PBC.16/10.

The Group participated constructively in the work of the Intersessional working group, bearing in mind the critical financial situation of UNIDO and the need to address it.

The Group considered the options proposed and exchanged letters with the Secretariat requesting more information with a view to arriving to a consensus.

The Group reiterates its readiness to continue the negotiation process to enable the Intersessional Working Group to forward appropriate recommendations through IDB for adoption at the 9th session of the General Conference.

Item 7: Transition to a single currency system

The Group wishes to commend the Secretariat for the preparation of the document PBC 16/3 and feels that option 2 " Average United Nations rate for the available period in the biennium " seems to satisfy the requirements in the best manner by attempting to even out the impact of monthly fluctuations.

With regard to the information contained in document PBC.16/9 entitled " Transition to a single currency system: Changes in the definition of major objects of expenditure", the Group still needs clarification on the issue of the link between the transition to a single currency system and the redefinition of major objects of expenditure.

The Group recalls that this issue was discussed at the level of the Intersessional Working Group on the amendment of financial regulations. The results of these discussions should be transmitted to the Policy Making Organs in due time for further consideration.

Item 8: Medium Term Programme Framework 2002-2005

The Group of 77 and China has taken note of document IDB23/4-PBC.16/5 and wishes to express its concern that no indication was given about the priorities of the Organisation for the medium term framework program 2002-2005, especially for developing countries, regarding Technical co-operation activities to be provided by UNIDO. We similarly would hope to see in the subsequent document:

- What are the performance indicators for the executed programs?
- What is the level of implementation of the approved integrated programs?
- What are the activities performed by the field offices and what is the future of those offices?
- Though the Integrated Programme remains the nucleus of the UNIDO Programme Framework, the Group of 77 and China recognizes the need to support 'stand-alone' services when required by Member States.

The Group also noted that there has been delay in the redeployment of international staff to Field Offices. In order to make effective the organisational restructuring of UNIDO, higher priority should be given to this matter.

The group recalls all international initiatives, in particular the South Summit, which took place in Havana, Cuba, last April, as well as the G7 Summit and the Global Compact high-level event, sponsored by H.E. the Secretary General of the United Nations, Mr. Kofi Annan, aiming at encouraging all relevant parties to work together to address the Globalization's challenges.

The Group would like to underscore the important role of UNIDO in assisting developing countries to built competitive industrial capacities to overcome their marginalization and to improve market access in order to eradicate poverty.

The Group reiterates its full support and appreciation for the Organization.