



VIENNA CHAPTER

STATEMENT OF THE G-77 AND CHINA AT THE 30TH SESSION OF THE PROGRAMME AND BUDGET COMMITTEE OF UNIDO, 25-26 JUNE 2014, DELIVERED BY H.E. MR. A. L. A. AZEEZ, AMBASSADOR, PERMANENT REPRESENTATIVE OF SRI LANKA

Mr. Chairman,

On behalf of the Group of 77 and China allow me to congratulate you on your election as the Chair of the 30th session of the UNIDO Programme and Budget Committee, as well as other members of the Bureau on their election. The Group is confident that with your experience and diplomatic skills, we will have a very successful session.

The Group takes this opportunity also to convey special thanks to your predecessor H.E. Ambassador Soltanieh of the IR of Iran and Ambassador Stix-Hackl of Austria, for their commendable commitment and contribution during the previous Programme and Budget Committee, and to also convey its special thanks to the outgoing Bureau for the commendable work.

The Group would also like express its appreciation for the efforts and leadership of the Director General Mr. LI Yong during his first year in office and to thank him, for his opening address, and wishes to extend its appreciation to the Secretariat for the Organization of the PBC meeting and preparing its documents. The Group will comment on most of the agenda items, in the course of the discussion on each of them.

The Group assures its unwavering support to UNIDO and is aware of the challenges the Organization is facing, because of the withdrawal of some Member States and financial constraints that might affect its technical cooperation delivery. Nevertheless, the Group reaffirms the relevance of UNIDO, as provider of specialized services for the promotion of inclusive and sustainable industrial development and whose expertise should be contribute to the post 2015 development agenda.

Finally, the Group of 77 and China fully supports the Final Declaration of the Commemorative Summit on the 50th Anniversary of the Group of 77 + China, held in Santa Cruz de La Sierra, on 14-15 June 2014, particularly the initiative of the Plurinational State of Bolivia, as Chair of the Group, to organize the Meeting of Ministers of the Group of 77 and China on Industrialization and equivalents on the issue of “Governance on Natural Resources and Industrialization”, in coordination with the United Nations Industrial Development Organization (UNIDO), that will take place in Tarija, in August 2014. The Group requests the Director General to report to Member States on the implementation regarding UNIDO’s issues, in the sixteen session of the General Conference.

Agenda Item 4: The Report of the External Auditor 2013

Mr. Chairman,

The Group of 77 and China takes note of document IDB.42/3-PBC.30/3 on the report of the External Auditor on the accounts of UNIDO for the financial year 2013. The Group appreciates the valuable contribution of the External Auditor towards increasing accountability and transparency of UNIDO's financial accounts. The Group is pleased that the External Auditor's findings have revealed no material weaknesses or errors, placing once again an unqualified opinion on the financial statements for the period under review.

The Group notes with satisfaction the overall improved utilization of regular budget appropriations in the year 2013. The Cash and Cash Equivalents went slightly up from €414,513.7 thousand as at 31 December 2012 to €438,741.4 thousand as at 31 December 2013, registering an increase of 5.84%.

At the same time, the Group notes with concern that the Statement of Financial Performance for the year 2013 showed a deficit of €48,259.7 thousand, which is largely attributable to a shortfall of 13.30% in revenue and a marginal increase of 0.86% in expenditure. The Group takes special note that the main contributory factor to a decline in total revenue over the previous year was the substantial decrease of 20.26% in voluntary contributions, despite that the voluntary contributions remains to be the biggest source of revenue in the year 2013 as it was in the year 2012.

The Group also takes note that salaries and employee benefits, the major expense, have decreased, but the operational costs, contractual services and currency translation differences have increased by 44.56%, 25.96% and 23.73% respectively.

The Group supports the External Auditor's recommendations, and looks forward to substantive measures, in consultation with the Member States, by the Secretariat in response to the observations and recommendations of the External Auditor, particularly those concerning emergency preparedness, compliance with TC Guidelines, execution and efficacy of Results-based Management (RBM) within the broader framework of the Programme for Change and Organizational Renewal (PCOR) and timely implementation of the recommendations of Internal Oversight Services (IOS). The Group requests the Secretariat to provide regular updates to the Member States on the corrective actions taken by it to address the concerns indicated in the report. Thank you Mr. Chairman.

Agenda Item 5: Financial Situation of UNIDO, Including Unutilized Balances of Appropriations

Mr. Chairman,

The Group of 77 and China takes note of document IDB.42/4-PBC.30/4, which provides information on the financial situation of UNIDO, reflecting a satisfactory level of expenditure of the regular and operation biennial budgets.

The Group values the high level of collection rate of reported in 2013, which can be seen as a sign of the renewed confidence on the part of some Member States in the Organization and encourages the Secretariat to strengthen its efforts for a more effective use of such resources.

The Group notes with appreciation the remarkable value of the technical cooperation delivery in 2013 which amounted to \$180.5 million. The Group also notes with pleasure the impressive growth of the delivery of technical cooperation activities in the first half of 2014 which amounted to \$57.8 million and urges the Organization to prioritize the application of available funds for enhanced technical cooperation services to Member States.

The Group expresses its concern, for the pending payments to the Organization, by some Members States, which have increased to 138.9 million Euros, out of which 71.2 million Euros are owed by two former Members States of the Organization. In this context, the Group requests the Director General to redouble his efforts with these Members States and former Members States so that they pay their arrears.

The Group requests the Secretariat to continue its efforts for the collection of all outstanding amounts for 2012 and prior years, including advances to the Working Capital Fund, as well as a partial contribution for 2013.

Thank you, Mr. Chairman.

Agenda Item 3: Annual Report 2013

Mr. Chairman,

The Group thanks the Director General for his introductory remarks and takes note of the Annual Report 2013, submitted in document IDB.42/2-PBC.30/2, which offers a wide overview on the achievements, improvements and challenges faced by the Organization during last year.

The Group would like to seize this opportunity to express once again its welcome and support to the 15th session of the General Conference of UNIDO, which was held in Lima, Peru in December last year. The Lima Declaration re-emphasized the core mandate of the UNIDO of poverty eradication through industrial development. It also exhibited our commitment towards achieving inclusive and sustainable industrial development, while reaffirming the unique mandate of UNIDO in supporting our countries in achieving this goal. Holding this Conference in one of the Group's Member States reaffirms and demonstrates its commitment to UNIDO and its mandate.

The Group highly values all initiatives, activities and programmes implemented and planned by the Organization during 2013. The Group highlights the continuous efforts by UNIDO to strengthening partnerships, cooperation and knowledge sharing among Member States and with relevant stakeholders, to continuously promote and facilitate increasing South-South, North-South, as well as triangular cooperation, and also to promote best international practices and technology transfer as mechanisms for a higher and sustainable impact of all UNIDO activities in developing countries.

The Group also highlights the Organization's efforts and activities aiming at the promotion of the concept of Inclusive and Sustainable Industrial Development. The Group commends the efforts of the Organization in promoting the development of an inclusive and sustainable model of industrial development through its thematic focus

and initiatives. In this connection the Group appreciates the briefing made by the Director General on the Lima Declaration and the positioning of UNIDO and ISID in the post 2015 development agenda, and other related briefings on Enterprise Resource Planning (ERP). However the Group wants to underline that efforts to promote inclusive and sustainable industrial development should not dilute, in any way, the developmental choices of various countries and it should also remain mindful of diverse socio political realities of the World.

According to the Annual Report, the quality of the programmes and project proposals has shown a significant improvement in 2013. The Group is confident that the enhancement of planning and evaluation processes, combined with the full implementation of the ERP system, will allow the Organization to raise the effectiveness and impact of its activities, in all thematic areas and regions equally.

Thank you, Mr. Chairman.

Agenda Item 6: Mobilization of Financial Resources

Mr. Chairman

The Group of G-77 and China takes note of document IDB.42/5-PBC.30/5 on the Mobilization of Financial Resources. The Group notes that the level of fund mobilization and sources of funding remain stable in comparison with previous years; however, the Group expresses its concerns on the disparity in the resources available for each of the three thematic priorities of the Organization and call UNIDO and all Member States, to assure balanced, predictable and sustainable financial support to all priority areas of the Organization.

The Group would like to express its appreciation to the significant progress made in 2013 with respect to the overall funding situation for the programmes and projects of UNIDO, given the limited availability of funding for technical cooperation activities from the regular budget of the Organization.

The Group notes with appreciation that the volume of extra budgetary funds mobilized in 2013 increased rapidly to reach \$242.9 million. The Group further commends the Secretariat for its efforts in mobilizing extra budgetary funds for UNIDO's Technical Cooperation Activities.

While acknowledging the contributions of the development partners towards the achievement of UNIDO's objectives, the Group urges the Director General to continue his efforts towards promoting strong partnerships with bilateral and multilateral development agencies, international financial institutions, private-public sector and other stakeholders, in order to accommodate the diversity of requests of recipient Member States and to increase the impact of its projects. Consequently, the Group urges the Secretariat to continue its pursuit of innovative sources of financing, through additional contributions from traditional and emerging sources. The Group urges all Member States and other donors to enhance their voluntary contributions to the Organization.