



STATEMENT OF THE G-77 AND CHINA AT THE 32ND SESSION OF THE PROGRAMME AND BUDGET COMMITTEE OF UNIDO, 21-22 JUNE 2016, DELIVERED BY H.E. MR. SIMON MADJUMO MARUTA, PERMANENT REPRESENTATIVE OF NAMIBIA

Mr. Chair,

1. On behalf of the Group of 77 and China, it is for me an honor to address the 32nd session of the UNIDO's Programme and Budget Committee. I congratulate you, Ambassador OYUGI, Permanent Representative of Kenya, on your appointment to lead the current session. Allow me to thank your predecessor, and the members of the outgoing Bureau for the good work done. I also thank the Secretariat for their efforts to prepare the documents necessary for our work and for organizing briefings on various issues to be addressed during this year's PBC.

2. The year of 2016 marks the 50th anniversary of UNIDO. The Group would like to take this opportunity to send the congratulations to UNIDO on its 50th anniversary. The Group commends UNIDO for its dedication and hard work to promote the industrial development for the developing countries and economies in transition over the past 50 years and highly recognizes its significant achievements in this regard. In the context of the 2030 Agenda for Sustainable Development, and considering SDG 9 and its interlinkages, in particular, the Group reaffirms that UNIDO plays a critical role in accelerating inclusive and sustainable industrialization for the benefits of its Member States. The Group remains committed to support the work of UNIDO and calls on all Member States to continue their active participation and contribution to this Organization.

3. The Group thanks the Director General LI Yong for his statement today as we begin the deliberations of this session of the UNIDO Programme and Budget Committee. The issues we have before us are crucial for the operation and success of this Organization which faces challenging times from a financial perspective. The Director General can count on the support of the Group in his efforts to lead UNIDO into a new chapter of its history.

4. The Group commends the Director General for his untiring promotion of a global understanding and appreciation of the importance of Inclusive and Sustainable Industrial Development (ISID) for economic growth and development. In this regard, the Group welcomes UNIDO's active contribution and support to the resolution for a Decade of African Industrialization 2016-2025 to be adopted by the General Assembly in 2016. UNIDO equally takes the lead role to present to the G20 a report on the industrialization in Africa and LDCs. All these efforts will further strengthen the visibility and position of UNIDO in the field of international development cooperation. The Group also supports the expansion of the Programme for Country Partnership (PCP) to other countries and regions, and also request to be informed on a regular basis about the progress on the implementation of these projects. The Group also underlines that these new modalities at current stage should not substitute the

existing modalities of TC delivery.

5. The Group regrets that some members have expressed their intention and decided to withdraw from UNIDO. In this context, the Group underlines UNIDO's relevance, importance, and expertise to support the implementation of the 2030 Agenda for Sustainable Development, including its Sustainable Development Goals, in particular of SDG 9 and its interlinkages, as well as its means of implementation and its follow-up and review.

6. UNIDO is the only specialized Agency within the United Nations system in charge of promoting industrial development and its mandate to promote inclusive and sustainable industrial development (ISID) as endorsed by all Member States in the Lima Declaration, adopted in December 2013.

7. The Group believes that withdrawals from UNIDO by Member States, especially by the developed members, jeopardize the existence of this Organization and bring into question the international solidarity that guides the multilateral system. At the same time it is imperative that all of us do an honest assessment as to why these members are leaving the Organization. There is also a need for a frank dialogue between the Member States who are thinking of leaving and all of us so that we can understand their position also. UNIDO should also develop enough incentives for Member States to remain in the Organization.

8. The Group takes note of the report on the operationalizing of the field policy action plan as contained in document IDB.44/7-PBC.32/7. The Group is of the view that the restructuring proposed should be implemented in close consultations with Member States, particularly those affected by such decisions, and it should also be ensured that the proposed streamlining does not have an adverse impact on the TC delivery.

Agenda Item 4: Report of the External Auditor for 2015

Mr. Chair,

1. The Group of 77 and China takes note of document IDB.44/3-PBC.32/3 and thanks the External Auditor on his valuable report on the accounts of UNIDO for the financial year 1 January to 31 December 2015.

2. The Group appreciates the clearness used by the External Auditor to explain the Audit procedure, and also the very concrete recommendations content in the document, which will be followed up by his team.

3. The Group takes note with satisfaction that in 2015, the level of assessed contributions receivable increased by 4,8%, reaching 103,2 million euros. Furthermore, voluntary contributions almost doubled those from the year 2014, coming up to 212 million euros. The Group agrees with the External Auditor that "the massive increase in voluntary contributions may help UNIDO to reach its goals but it may also bear risks for the future". In that regard, the G-77 and China is confident that UNIDO will take measures to manage such risks without increasing the regular budget.

4. The G-77 and China also is pleased to know that a field office has been audited and

that very concrete recommendations have been issued. Good practices and experiences collected from these audits may help the Organization in this new phase of operationalizing its field offices.

5. The Group is of the view that it is critical for this organization to provide with more staff and sufficient resources to the Office of Internal Oversight and Ethics (IOE). In that sense that Group endorses the Auditor's recommendation of providing adequate staffing for IOE and the establishment of an "Audit Committee" which decision has been delayed since 2012.

6. The Group supports the External Auditor's recommendations, and looks forward to substantive measures by the Secretariat, in consultation with Member States, in response to the observations and recommendations of the External Auditor, particularly those concerning the use of ERP as the only system for accounting and reporting, the preparation of a clear and consistent concept for the recognition and capitalization or disclosure of the VIC in UNIDO's financial statements for the financial year 2015, the obligation of Member States with significant arrears to pay due contributions and the generation of revenues and limit expenditures by the management of UNIDO.

7. Finally, the Group takes note with appreciation that significant progress has been made regarding the recommendations made in previous years and several items have been closed.

Agenda Item 7: Medium-term programme framework, 2016-2019: baseline for the integrated results and performance framework

Mr. Chair,

1. The Group takes note of document IDB.44/6-PBC.32/6 regarding progress report setting a baseline for the indicators of the medium-term programme since framework, 2016-2019. The Group support the main innovative features of the MTPF such as the enhancement of the result-based management (RBM) approach including the integrated results and performance framework (IRPF) and its set of indicators.

2. The Group takes note that considerable progress has been made regarding the establishment of the baselines for the IRPF indicators since the last General Conference. The Group requests to be informed further about the Action Plan proposed to test and address possible issues resulting from the indicators. In that sense, we appreciate the issuance of the conference room paper (CRP) regarding the IRPF indicators and look forward to receiving the document containing the Action Plan that will be presented in the next IDB.

3. The Group is aware that one of the key elements in the UNIDO's implementation strategy for the MTPF 2016-2019 is the increased emphasis placed on strengthening strategic partnerships. These will include a variety of development actors, including governments, development finance institutions, the private sector, United Nations entities, academia and civil society. The Group supports this approach which it understands seeks to leverage the financial and technological resources of relevant stakeholders in order to strengthen implementation of ISID at the national, regional

and global levels. At the same time, it requests the Secretariat to keep the Member States fully informed of developments.

Agenda Item 8: UNIDO field policy and network

Mr. Chair,

1. The Group of 77 and China takes note of document IDB.44/7-PBC.32/7 on the operationalization of the field policy action plan. The Group commends the Director General's efforts for maintaining UNIDO's presence in 47 countries and keeping all its staff members, albeit the financial constraints facing the Organization.

2. The Group considers that any adjustment should be applied in a way that does not hinder the technical cooperation provided and must keep the programmatic interventions of UNIDO in the countries affected by the changes. The group expects that the process will be implemented in a phased approach and encourages the Director General to continue consulting bilaterally with Member States affected by this reform to ensure a smooth transition and minimize the disruption of activities. The progress and modifications taking place in this process are expected to be monitored by and reported to all Member States to ensure that the goals will be achieved.

Thank you, Mr. Chair.

Agenda Item 3: Annual Report of the Director General for 2015

Mr. Chair,

1. The Group welcomes the Annual Report 2015 of UNIDO, which contains a list of activities, initiatives and programs that have been undertaken by the Organization last year. The Group is pleased to see that UNIDO, which this year celebrates 50 years since its establishment, received in 2015 the largest amount of funds in its recent history to implement its mandate of promoting inclusive and sustainable industrial development (ISID) of developing countries and economies in transition.

2. The Group appreciates the active role played by this Organization and its Director General, in promoting UNIDO's mandate, through its participation in different activities in 2015, namely, a side event during the Sustainable Development Summit on the impact of the Agenda 2030 in Africa, the Addis Ababa Conference, and the Paris Climate Conference, among others. The active involvement of UNIDO in those events has raised visibility of the Organization.

3. The Group has followed with interest the establishment of the Programme for Country Partnerships (PCP) aimed at promoting a partnership-based modality for the provisions of UNIDO services. The Group is pleased to see that a new PCP has been launched. In this regard, the Group considers that the implementation of PCP in more countries should not duplicate efforts or diminish the effectiveness of the technical assistance provided or distract resources from projects already in place and that also require further financial support.

4. Furthermore, the Group requests that UNIDO continues to support initiatives of

South-South and triangular cooperation which had proven successful in the past as regards knowledge transfer and knowledge networking. Nevertheless, the Group highlights that North-South Cooperation remains important and crucial for UNIDO, to promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favorable terms, including on concessional and preferential terms.

Thank you, Mr. Chair.

Agenda Item 5: Financial Situation of UNIDO, including unutilized balances of appropriations

Mr. Chair,

1. The Group of 77 and China takes note of document IDB.44/4-PBC.32/4 on the Financial Situation of UNIDO and takes note with concern that the collection rate of the 2016 assessed contributions as of March 2016 was 32,6 per cent, a sharp decrease from the 2015 rate of 40.8 per cent.

2. At the same time, the Group remains greatly concerned by the outstanding assessed contributions which amount a total of €148.8, including €69.1 million by the United States of America, and €2.1 million by the Former Yugoslavia. The Group requests the Secretariat to inform Member States what measures have been taken to collect outstanding arrears. The Group appeals to the United States of America and to the Former Yugoslavia to make payments on their arrears, including advances to the Working Capital Fund, in order to allow the Organization to carry out its mandate and support the industrial development efforts of our countries.

3. The Group commends twelve Member States for renunciation of their share of unutilized balances in 2015, which resulted in making a total of 2.4 million euros available for various purposes. The Group encourages other Member States to follow suit.

Thank you, Mr. Chair.

Agenda Item 6: Mobilization of Financial Resources

Mr. Chair,

1. The Group expresses its satisfaction that 2015, like 2014, was an excellent year in terms of mobilization of voluntary contributions. It was pleased to note that the overall volume of voluntary contributions for UNIDO services towards its Member States reached a total of US\$205 million.

2. The Group further recognizes the importance of programmable trust funds, aimed at the development of new projects and programmes as well as the co-funding of projects, which continue to be of paramount importance to UNIDO's operations. The Group appreciates the significant contributions beyond the allocation of renounced unutilized balances that were received during 2015 from Member States which donated to the trade capacity-building and the food security and agribusiness trust funds, and that also contributed to the trust fund for Latin America and the

Caribbean.

3. The Group of 77 and China joins UNIDO in encouraging its Member States and partners to consider allocation to these programmable trust funds and also to the two special accounts created since last year mainly the Special Account of Voluntary Contributions of Core Activities and Major Capital Investment Fund. The Group appreciates Malta and Switzerland for their contribution to those funds.

Thank you, Mr. Chair.