



STATEMENT OF THE G-77 AND CHINA AT THE 33RD SESSION OF THE PROGRAMME AND BUDGET COMMITTEE OF UNIDO, 16-18 MAY 2017, DELIVERED BY H.E. MR. REZA NAJAFI, PERMANENT REPRESENTATIVE OF THE ISLAMIC REPUBLIC OF IRAN

Mr. Chair,

1. On behalf of the Group of 77 and China, it is for me an honor to address the 33rd session of the UNIDO's Programme and Budget Committee. I congratulate you, Ambassador Hannu KYRÖLÄINEN, Permanent Representative of Finland, on your appointment to lead the current session. Allow me to thank your predecessor Ambassador OYUGI from Kenya, 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. The Group will deliver statements on agenda items 4, 5, 6, 3 and 11 respectively.

**Agenda Item 4: Report of the External Auditor for 2016**

Mr. Chair,

1. The Group of 77 and China takes note of document IDB.45/3-PBC.33/3 and thanks the External Auditor on his valuable report on the accounts of UNIDO for the financial year 1 January to 31 December 2016.

2. The Group appreciates the clarity used by the External Auditor to explain the Audit procedure, as well as the concrete recommendations highlighted in the document.

3. The Group welcomes the establishment of the Independent Audit Advisory Committee (IAAC) to review and advise on the independence, effectiveness and objectivity of the internal audit function, including adherence to the Internal Oversight Charter. The Group looks forward to further consultations on the financial implications of the IAAC.

4. The Group notes the External Auditor's recommendation concerning the need to monitor closely the development of employee benefits over the next years, and encourages the Secretariat to develop an appropriate approach to ensure future funding of any such developments.

5. The Group notes the External Auditor's recommendation concerning the Organization's need to define more clearly under which circumstances the employment of external consultants is considered as an efficient and reliable source of workforce and that individual assignments should be based on a clear assessment of the needed quality and quantity of external service, while assuring the principle of equitable geographical representation within the Organization.

6. The Group notes with concern that the level of current assessed contributions

receivable decreased by 10 million euros to 93.2 million euros in 2016, which puts a substantial additional strain on UNIDO regular budget. The Group calls on all Member States to pay their assessed contributions in full and on time.

7. The Group stresses that while understanding the negative consequences for UNIDO due to the decrease of fully disposable and predictable financial funding, including through becoming an obstacle to structural developments in the organization that could improve efficiency and reduce risks for UNIDO activities. It is crucial that UNIDO fulfils its tasks by increasing the efficiency of operations.

8. On the other hand, the Group welcomes the increase in the amounts of voluntary contributions in 2016 by 4.8 million euros to a total of 216.8 million euros. The Group notes the significant imbalance between the regular budget, funded by assessed contributions, and the voluntarily financed operational budget, and calls upon the Secretariat to work on ways to bridge this gap. In this regard, the Group encourages the Secretariat to provide further information and consult with the Member States on the new business model intended to be piloted this year.

9. The Group supports the External Auditor's recommendations, and appreciating the significant progress made in previous years, the Group looks forward to substantive measures by the Secretariat, in consultation with Member States, in response to the observations of the External Auditor.

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.45/4-PBC.33/4 on the Financial Situation of UNIDO and expresses its concern that the collection rate of the 2017 assessed contributions as of March 2017 was 26.1 per cent, a sharp decrease compared to the 2016 and 2015 rates of 32.6 and 40.8 per cent, respectively. The Group calls upon the Secretariat to clarify the impact of such a decrease on the performance of the Organization, and to further consult with Member States on methods to facilitate the payment of the assessed contributions.

2. The Group commends the Secretariat's efforts to collect prior year's arrears, which amounted to 7.2 percent of the total amount of arrears, compared to the assessments of 2016 and 2015, which was 1.8 and 3.6 per cent, respectively.

3. At the same time, the Group remains greatly concerned by the outstanding assessed contributions which amounted to a total of €136.6, 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.

4. The Group calls upon the Secretariat to further consult with Member States on the unutilized balances.

Thank you, Mr. Chair.

### **Agenda Item 6: Programme and Budgets, 2018-2019**

Mr. Chair,

1. The Group takes note of the proposed Programme and Budget 2018-2019 as presented in the document IDB.45/5-PBC.33/5, the Group commends the secretariats efforts to undertake proposed programmes within the limited resources at the disposal of the Organization, which is reflected in the figures of the combined regular and operational budgets, 2018-2019 that are presented at a level of 0.50 per cent reduction rate, in real terms.

2. The Group calls upon the Secretariat to further brief the Member States on how the implementation of the SDGs, as well as the IDDA III are highlighted within the Programme and Budget for the biennium 2018-2019.

3. The Group calls upon the Secretariat to further consult with Member States the proposal for additional funds of €1.88 million, which comprises UNIDO's €1.40 million contribution to the United Nations Resident Coordinator (UNRC) system, €0.09 million (€86,200) for support to the Audit Advisory Committee (AAC) and €0.28 million (€279,100) required for an established position for the Gender Officer (P-4).

4. The Group stresses that any increase in the regular budget shares of any major program should not be at the expense of the budgetary allocations for the core activities in Major Program C. The Group is of the view that such increases should be balanced with an equal increase of the amounts allocated for the technical assistance programs of the Organization.

5. The Group expresses its concern on the increase in the scale of assessed contributions for a number of its Member States, and calls upon the Secretariat to further consult with Member States on this increase, and will be requesting further information on the matter during the session.

Thank you, Mr. Chair.

### **Agenda Item 3: Annual Report 2016**

1. The Group thanks the Director General for his introductory remarks and takes note of the Annual Report 2016, submitted in document IDB.45/2-PBC.33/2, which offers an overview of the achievements, improvements and challenges faced by the Organization during last year. The Group welcomes the new format, which is in line with the proposals from Member States.

2. The Group would like to seize this opportunity to recall the UNIDO's fiftieth anniversary, which offered an opportunity not only to reflect on the organization's history and celebrate its accomplishments in promoting industrial development, but

also to look at its present and future to achieve the SDGs of the 2030 Agenda.

3. The Group highly values all initiatives, activities and programmes implemented and planned by the Organization during 2016. The Group commends, in particular, UNIDO's technical assistance and capacity-building, especially of the developing countries. 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.

4. In this regard, the Group urges the Secretariat to further promote best international practices and to include technology transfer as a mechanism for sustainable impact of all UNIDO activities in developing countries.

Thank you, Mr. Chair.

#### **Agenda item 11: General risk management strategy**

1. The Group takes note of document IDB.45/9-PBC.33/9 and notes the establishment of an internal Risk Management Committee. In this regard, the Group calls upon the Secretariat to brief Member States on the risks with high impact on the financial situation of UNIDO, specifically the risk of withdrawal of Member States from the Organization, which needs to be constantly monitored and carefully assessed with a view to minimizing the associated impact at the institutional and functional levels, as well as to reverse or at least halt the withdrawal trend.

Thank you, Mr. Chair.