



STATEMENT OF THE G-77 AND CHINA AT THE 28TH SESSION OF THE PROGRAMME AND BUDGET COMMITTEE OF UNIDO, 25-26 JUNE 2012, DELIVERED BY H.E. AMBASSADOR H.E. MR. DINKAR KHULLAR, PR OF INDIA ON BEHALF OF H.E. AMBASSADOR ANTONIO GARCÍA, PR OF PERU

Madam Chairperson, (H.E. Ambassador Stix-Hackl of Austria)

1. I am speaking on behalf of Ambassador García, who is currently on official mission in Lima, Peru, where he is attending the International Conference of Ministers of Foreign Affairs and Heads of Specialized National Agencies against the World Drug Problem, held on June 25-26.
2. On behalf of the Group of 77 and China allow me to congratulate you on your election as the Chair of the 28th 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 wide experience and diplomatic skills, you will steer this session to a successful conclusion.
3. The Group takes this opportunity also to convey special thanks to your predecessor H.E. Ambassador Ukur Kanacho Yatani of Kenya for the commendable leadership.
4. The Group would like to thank the Director-General, Dr. Kandeh Yumkella for his introductory statement and his dynamic leadership of the Organization. The Group also appreciates the Secretariat's efforts in preparing documents for this PBC meeting.
5. The Group wishes to comment on Agenda items 3, 4, 5, 6, 7 and 8 in the course of discussion on each item.

Item 3: Annual report of the Director-General for 2011

Madam Chairperson,

1. The Group of 77 and China takes note of document PBC.28/3-IDB.40/2 and welcomes the efforts of the Secretariat in preparing this Annual Report.
2. The Group acknowledges the active participation of the Director-General in the deliberations of the United Nations System Chief Executives Board for Coordination (CEB) and its three subsidiary bodies: the High-Level Committee on Programmes (HLCP), the High-Level Committee on Management (HLCM) and the United Nations Development Group (UNDG). These activities are particularly relevant to enhance the visibility of UNIDO across the United Nations Development Assistance Framework and to promote inter-agency cooperation. In this sense, the Group encourages UNIDO to make substantive contributions to the works of the General Assembly Second Committee and the Commissions of Sustainable Development and Science and Technology for Development of Economic and Social Council (ECOSOC).

3. It is important to bear in mind that the 67th session of the United Nations General Assembly will include in its agenda sub item b "Industrial Development Cooperation" to item "Eradication of poverty and other development issues". According to the established practice, the Director-General will submit a report and a General Assembly resolution on the matter will be adopted. Even though these procedures take place mostly in New York, during the debates of the Second Committee, the Group is of the view that the outcomes of the discussions on this issues in UNIDO should be taken into consideration as a contribution to this process.

Madam Chairperson,

4. Regarding activities in the thematic areas of poverty reduction through productive activities and trade capacity-building, the Group commends the Organization for its commitment and achievements in taking steps to help developing countries to reach the targets set in the Millennium Development Goals.

5. The Group would also like to express its appreciation to the donor community and the relevant private sector for their cooperation and support in an effort to help the LDCs to be able to enjoy equitable participation in the global trade. Madam Chairperson,

6. With respect to the fields of energy and environment, the Group highly appreciates the assistance provided by UNIDO for developing countries to enhance the competitiveness of industry by increasing the energy efficiency and augmenting the use of locally available renewable energy sources.

7. In this regard, the Group would like to stress the importance of promoting initiatives linked to the development of a global "green economy", that allows developing countries to achieve their goals of industrial development on a sustained basis. For that reason, the Group welcomes the so-called project "green industry" and requires that this as well as other initiatives related to the environment, energy and production, include funding components based in equity, environmental protection and sustainability; access and technology transfer to developing countries, including middle-income countries; and direct relation to international agreements and national and regional development strategies.

8. The Group would also like to express its appreciation to the contribution of UNIDO to the preparatory process of the Rio+20 Conference. In this regard, the Group welcomes the Organization of the Vienna Energy Forum that paved the way for the declaration of 2012 as the International Year of Sustainable Energy for all.

9. Furthermore, the Group welcomes the fact that the success of UNIDO projects within the Global Environment Facility (GEF) portfolio continued to grow in 2011.

10. Regarding the area of research and analysis, the Group welcomes the launch of the global report "Networks for Prosperity: Achieving Development Goals through Knowledge Sharing" as well as the publication of the 2011 edition of the "International yearbook of Industrial Statistics" which provides with worldwide statistics on current performance and trends in the manufacturing sector.

Thank you Madam Chairperson.

Item 4: Report of the External Auditor

Madam Chairperson,

1. The Group of 77 and China takes note of the information provided in document PBC.28/3 - IDB.40/3.
2. The Group congratulates UNIDO for obviating errors and weaknesses material to the accuracy, completeness and validity of its financial statements for the financial period 1 January to 31 December 2011, as concluded by the report of the External Auditor.
3. The Group is encouraged by the responsiveness of UNIDO's internal control system, increase in the Organization's total revenues and overall improvement in budget utilization and gender balance in favor of female representation. Concurrently, the Group, while taking note of the External Auditor's recommendations, believes that adequate measures will be undertaken by UNIDO to incorporate the report's findings in its next financial plan.
4. The Group encourages UNIDO, whenever budgetary funds are available, to spend them accordingly in order to avoid undue retention of such resources.
5. In this connection, the Group views with concern the fact that during the last exercise of the Organization, as mentioned in the External Auditor's Report, an amount of 9 million Euros, originally foreseen for recruitment, was not used.
6. The Group supports the External Auditor's observation on the implementation efficiency of Technical Cooperation projects and favors its continuous review by subsequent External Audit teams. The Group hopes that the completion rate of Technical Cooperation projects will be markedly increased in the coming years.
7. The Group takes note of the valuable contribution of the External Auditor to the ongoing process of enhancing the transparency and financial efficacy of UNIDO.

Thank you Madam Chairperson.

Item 5: Financial situation of UNIDO

Madam Chairperson,

1. The Group of 77 and China takes note with concern of the facts that arrears owed to UNIDO by two former Member States amount to 71.15 million euros, and that thirty-nine Member States currently have their voting rights suspended due to unpaid assessed contributions. In this connection, the Group requests the Director-General to pursue his efforts and contacts with Member States and former Member States with arrears, to fulfill their financial obligations.

2. The Group also notes with concern the persistent situation where a considerable portion of the running costs of the Organization, including expressive part of the remuneration of regular staff, are being covered with financial resources originated from revenues of the operational budget. The Group believes, that this long established practice is not sustainable in the long term, especially when the trend of likely reductions in voluntary contributions from several financial partners is observed.

Item 7: Informal working group on the future, including programmes and resources of UNIDO

Madam Chairperson,

1. The Group of 77 and China wishes to reiterate its support to the two co-Chairs of the Informal working group on the future, including programmes and resources of UNIDO, the Permanent Representative of Costa Rica, Ana Teresa Dengo Benavides and Mr. Alberto Groff of the Permanent Representation of Switzerland. The Group would also like to express its satisfaction with the progress in the works and exercises carried out by both co-chairs.

2. The Group is aware of the importance of assessing the performance of the Organization and agrees on the need to identify, first, the strengths and weaknesses of UNIDO, and later, threats and opportunities facing by the Organization. Our objective is to improve the efficiency and effectiveness of UNIDO and thus offer better solutions to the needs of industrial development in developing countries.

3. In this regard, the Group participates actively and constructively in this process and hopes to achieve our goals through the support and cooperative spirit of the Member States, the Secretariat and the Organization's strategic partners.

4. The Group is convinced that the exercise being undertaken by the Informal working group on the future, including programmes and resources of UNIDO is of crucial importance for the future of the Organization. So far, through open and frank exchange of views, Member States are realizing common stands and points-of-view towards UNIDO and identifying current organizational limitations.

5. On due course, the Group believes that the conclusions of the Informal working group will enable Member States to establish a new institutional model for UNIDO, providing better conditions to the Organization to fulfill its mandate on industrial development. This new vision to be formulated by the time of the Fifteenth General Conference of UNIDO in 2013 and incorporating the outcomes of Rio+20, will allow the Organization to re-position itself within the multilateral system, restoring the historical role UNIDO played in the General-Conferences of Lima (1975) and New Delhi (1980).

Thank you, Madam Chairperson.

Item 8: Mobilization of financial resources

Madam Chairperson,

1. The Group is aware of the constitutional limitation of the Organization in respect of funding for technical cooperation activities from the regular budget, which makes the case of UNIDO particularly singular among all United Nations specialized agencies. As the only agency that does not dispose of funds of its own to engage in technical cooperation, UNIDO is compelled to devote great part of its work in reaching donors and finding extra-budgetary sources of finance.

2. This feature of UNIDO's budget structure leads to an unbalanced model that not necessarily responds to recipients' needs and should be assessed, as recommended by the UNIDO Evaluation Group. In this regard, the Group of 77 and China requests the co-chairs of the Informal Working Group on the Future of UNIDO to consider this topic in our discussions.

Thank you, Madam Chairperson.