



## VIENNA CHAPTER

STATEMENT OF THE G-77 AND CHINA AT THE 24TH SESSION OF THE PROGRAMME AND BUDGET COMMITTEE OF UNIDO, 3-4 SEPTEMBER 2008, DELIVERED BY H.E. AMBASSADOR SHAHBAZ, PERMANENT REPRESENTATIVE OF PAKISTAN

Mr. Chairman,

On behalf of the Group of 77 and China allow me to congratulate you on your election as the Chair of the 24th Session of the UNIDO Programme and Budget Committee as well as other members of the bureau on their election. We are confident that with your wide experience and diplomatic skills, you will steer this important session to a successful conclusion.

The Group takes this opportunity also to convey special thanks to your predecessor His Excellency Ambassador Rudolf Schaller, Permanent Representative of Switzerland for his commendable leadership and other members of the bureau, especially Her Excellency, Ambassador Feroukhi, Permanent Representative of Algeria, for opening this current PBC Session in her capacity as Acting Chairperson of the twenty-third session.

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 acknowledges the Secretariat's efforts in preparing documents for this PBC meeting and encourages the Secretariat to issue documents earlier and in all languages, to give delegations sufficient time to prepare for their active participation.

The Group wishes to comment on Agenda items 3 to 7 in the course of discussions on each item. I would restrict my intervention to express the views of the Group on item 3 for this opening statement.

### **Agenda item 3: Report of the External Auditor, financial performance report and programme performance report for the biennium 2006-2007**

Mr Chairman,

The Group of 77 and China takes note of the detailed information provided in the documents IDB.35/3-PBC.24/3, IDB.35/4-PBC.24/4, and IDB.34/2-PBC.24/2.

The Group would like to express its sincere thanks to the External Auditor from South Africa for his services over the past six years and for his useful suggestions and recommendations, aimed at improving the efficiency of UNIDO in the fields of administration and financial management. The Group would also like to take this opportunity to reiterate its support to the incoming External Auditor from Pakistan. The Group wishes to comment for the time being, on the following issues contained in the report.

The Group notes with satisfaction the support and cooperation extended by the

Secretariat to the External Auditor in performance of his audit. The Group takes note of the External Auditor's assurance that the financial records of UNIDO are generally reliable and well-maintained, The Group urges the Secretariat to continue taking corrective measures in line with the recommendations of the External Auditor.

The Group supports the External Auditor's observation on the importance of providing the appropriate allocations to the Office of Internal Oversight Service (IOS), in order to enable it to fulfill its important mandate both at the headquarters and field offices.

The Group takes note of the External Auditor's observation on the lack of clear delineation of the responsibilities of key role players at the field offices and headquarters. In this regard, the Group takes note of the measures taken by the Secretariat such as the recent establishment of the Operational Coordination Committee that is expected to address this issue.

Concerning the project implementation and monitoring, the Group expresses its concern at the External Auditor observations that: "It also appeared as if some decisions were influenced by external stakeholders, not necessarily in the best interest of the organization". Therefore, the Group calls upon the Secretariat to take further steps to address this issue.

On the question of the measures undertaken by UNIDO towards the application of the Results Based Management (RBM), such as the issuance of a policy document and the establishment of the RBM Steering Committee, the Group wishes to express its satisfaction that progress has been reported in this respect, particularly with regard to the issue of accountability.

The Group emphasizes the importance of the full implementation of the Results Based Management, which will allow us to assess the exact contribution and real impact of the technical assistance provided by the Organization towards achieving its mandate namely to promote industrial development in the developing countries.

The Group takes note of the comments of the External Auditor regarding his previous recommendations and encourages the Secretariat to continue its efforts, in consultation with Member States, towards the implementation of these recommendations.

With regard to the information contained in the financial performance report for the biennium 2006 - 2007, the Group takes note that despite slower collection rate during the said biennium, the total collection rate of 93.6% has been the highest recorded by the Organization since 1986. Equally, the accumulated outstanding assessed contributions at the end of 2007 had slightly decreased in comparison to the previous biennium.

In relation to the financial performance during the biennium 2006-2007, the Group expresses its concern on the 8.3% net underutilization of the regular budget. The Group notes the information that the most important factor contributing to this underutilization was delayed and/or non-payment of assessed contributions.

The Group expresses its satisfaction over the increase of technical cooperation delivery to the amount of US\$231.0 million expenditure during the biennium.

#### **Agenda item 4: Financial Situation of UNIDO**

Mr. Chairman,

The Group of 77 and China takes note of the document IDB.35/5-PBC.24/5 on the financial situation of UNIDO.

The Group is satisfied to note that the biennial regular budget is being implemented as planned and that the rates of implementation of both the regular and operational budget are comparable with corresponding rates of the previous biennium. It is also encouraging to note that the volume of delivery of technical cooperation activities compares favourably with the corresponding figure of the previous year.

The Group is encouraged to note that the collection rate of 62.2% for 2008 assessed contributions as of 30 June 2008 is higher than the corresponding figure for each year of the previous biennium. Recalling the fact that the total collection rate of the assessed contributions for the previous biennium was the highest in UNIDO since 1986, the Group commends all Member States for their efforts and encourages them to continue upholding the same spirit and commitment to the Organization during this biennium.

The Group appreciates the fact that 67 Member States, including 10 LDCs, have already made full payment for their assessed contributions for the year 2008, and that partial payments have been received in respect of another 32 Member States, including six LDCs.

The Group also appreciates the fact that the payment plans concluded with some Member States are proceeding smoothly while negotiations with several other Member States are underway. The Group encourages those Member States in arrears, who have not already done so, to consider when possible, to conclude payment plans with the Secretariat.

The Group notes with concern that despite having achieved record collection rate in the previous biennium, still 37 Member States cannot actively participate in the decision making process due to suspension of their voting rights. The Group encourages these Member States to consider benefiting from the payment plan modality for clearing their respective arrears and thereby getting their voting rights restored.

The Group calls upon the Secretariat to continue its efforts to effect full payment of the outstanding amounts and would like to be regularly apprised of such efforts, in particular with regard to the former Member States.

#### **Agenda item 5: Accounting Standards**

Mr. Chairman,

The Group of 77 and China takes note of the document IDB.35/6-PBC.24/6

furnishing a progress report on Implementation of the International Public Sector Accounting Standards (IPSAS).

The Group acknowledges the provision of information by the Secretariat on 'System-wide IPSAS Project and the Role of UNIDO' and appreciates UNIDO's contribution in the policy development work of the Task Force on IPSAS Project. The Group encourages the Secretariat to continue its active participation in this Task Force.

The Group takes note of the work commenced by the Working Group on IPSAS and the Financial Services Branch for making preparations for IPSAS adoption in UNIDO.

Considering that the IPSAS adoption provides inter alia an opportunity for UNIDO to improve its administrative processes, in particular the reporting system, the Group supports the Director-General in using information and communication technology system to bring the Organization's asset management in compliance with IPSAS requirements.

While reiterating its support for effectiveness and cost efficiency in the process, the Group of 77 and China hopes for IPSAS adoption in UNIDO by the timelines set in Director General's Programme and Budgets Proposal 2008-2009.

The Group requests the Director-General to continue reporting on this matter to the Governing Bodies in their respective sessions.

#### **Agenda item 6: Mobilization of financial resources**

Mr. Chairman,

The Group of 77 and China takes note of the information provided by the Secretariat in documents IDB.35/7-PBC.24/7 and PBC.24/CRP.2 as well as in the relevant section of the Annual Report of UNIDO 2007.

The Group believes that there is a direct relationship between fulfilment of UNIDO's mandate and the financial resources available for the purpose. Adequate fund mobilization should form the basis for programme development and technical cooperation activities. In this respect, the Group acknowledges the efforts of the Secretariat towards resource mobilization.

The Group reiterates its satisfaction that the level of fund mobilization in the Organization was the highest in the history of UNIDO, ensuring the highest overall level of new funds for technical cooperation. Moreover, the Group acknowledges that the net technical cooperation project and programme approval as well as total portfolio of ongoing and future projects and programmes reached a new record.

With regard to the technical cooperation delivery, the Group expected higher increase in project delivery in 2007 and requests the Director-General to provide information on how he intends to meet the challenges of strengthening the delivery capacity of the Organization in line with the increased mobilized funds. The Group believes that the high-level of funding is giving a great opportunity to the Organization to increase technical cooperation delivery in the current and coming biennia.

The Group urges the donor community to consider providing adequate funding for the thematic priority of poverty alleviation through productive activities, as it continues to receive the least funding in comparison with the other two thematic priorities.

The Group wishes to express its appreciation for the voluntary contributions made by the development partners including the emerging donors. The Group would like to encourage them to consider enhancing their voluntary contributions towards the Organization so that the amount of extra-budgetary resources available helps enhancing annual delivery figures besides matching the volume of the ongoing Integrated Programmes (IPs) and Country Service Frameworks (CSFs).

The Group notes with concern the information contained in document IDB.35/7-PBC.24/7 about the possible impact of the funding situation, namely the 'increase of the demand for the limited UNIDO programmable resources', as part of UN country teams in some of the 8 pilot countries of the "One UN" project.

The Group would like to stress that resources devoted to the pilot countries' projects should not negatively affect the level of resources assigned to UNIDO activities in other developing countries.

The Group would also like to reiterate that no intergovernmental decision has been taken on the "One UN" proposal. In this regard, the Group reaffirms the position adopted by the G77-NAM Joint Coordinating Committee (JCC), in New York, on this matter.

With regard to the programming thrust for the biennium 2008-2009, the Group expects the Organization to give special attention to the formulation of regional, sub-regional and inter-regional programmes, and to intensify the Secretariat's efforts towards implementing such programmes.

### **Agenda item 7: Medium-term programme framework, 2010-2013**

Mr Chairman,

The Group of 77 and China takes note of the preliminary information on proposed activities contained in document IDB.35/8-PBC.24/8 on the medium-term programme framework, 2010-2013.

The Group appreciates UNIDO's initiative to formulate additional programmatic enhancements in the MTPF related to addressing the global food crisis. The Group supports the Organization's efforts in Developing Countries to promote agri-business and value-chain development with a view to reducing post-harvest losses and increasing the marketability of food crops. In seeking to enhance the productivity of the agricultural sector, the Group encourages the Organization to cooperate closely with other relevant organisations, within the scope of its mandate.

The Group places importance on the promotion of South-South cooperation. In this regard, the Group would like to re-emphasize that South-South cooperation complements North-South cooperation. The Group encourages the Organization to promote triangular cooperation as a means of transferring the know-how and

technology from one or more Developing Countries combined with financial support of Developed Countries to other Developing Countries.

The Group notes with appreciation that the MTPF 2010-2013 will include measures to reduce youth unemployment and hopes that these measures will be translated into concrete actions.

The Group likewise appreciates UNIDO's Programmatic activities on enhanced access to energy for Developing Countries within the context of mitigating climate change.

The Group encourages the Secretariat to expand partnership with relevant development agencies and international financial institutions to mobilize funds as well as generate synergies in their respective activities.

The Group appreciates the efforts of UNIDO and its Director General in contributing to the ongoing debate on the UN system-wide coherence, but at the same time the Group stresses, that there should be no restrictions on the ability and sovereignty of national governments to determine their own development priorities or select their development partners, as well as the type of partnership they wish to pursue with UN development entities at country level. The recommendations contained in the report "Delivery as One" should follow intergovernmental processes and the agreement by the General Assembly.

The Group looks forward to receiving the comprehensive MTPF document for 2010-2013 well in advance of the upcoming 35th Session of the IDB in December 2008.

Thank you Mr. Chairman.