



## VIENNA CHAPTER

STATEMENT OF THE G-77 AND CHINA AT THE 29TH SESSION OF THE PROGRAMME AND BUDGET COMMITTEE OF UNIDO, 22-24 MAY 2013, DELIVERED BY H.E. MR. MAHMOUD ELAMIN, AMBASSADOR, PERMANENT REPRESENTATIVE OF THE SUDAN

Mr. Chairman, (H.E. Ambassador Ali A. Soltanieh, Permanent Representative of Iran),

1. On behalf of the Group of 77 and China allow me to congratulate you on your election as the Chair of the 29th 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.
2. The Group takes this opportunity also to convey special thanks to your predecessor H.E. Ambassador Stix-Hackl of Austria, for her commendable commitment and contribution during the previous Programme and Budget Committee and during the consultations for this session.
3. The Group assures its unwavering support to UNIDO and is aware of the challenges UNIDO is facing, because of the withdrawal of some Member States and financial constraints that might affect its technical cooperation delivery. Nevertheless, the Group reiterates the relevance of UNIDO, as provider of specialized services for the promotion of sustainable industrial development and whose expertise must be taken into account definition and implementation of the post2015 development agenda.
4. The Group would like to highlight that five Members of its Group (Afghanistan, Cambodia, China, Libya and Thailand), have nominated high-level candidates for the post of the Director General of the Organization; Peru, also Member of the Group, will host the 15th General Conference of UNIDO. These facts are to be seen as part of our recognition of the validity of the mandate and developmental role of the Organization.

### **Comments on the Annual Report 2012**

1. Aware of the early departure of the Director General Dr. Kandeh Yumkella, the Group wants to use this opportunity to reiterate its appreciation for his leadership of the Organization during the last 7 years and to wish him full success in his personal and professional future endeavors.
2. The Group thanks the Director General for his introductory remarks and takes note of the Annual Report 2012, submitted in document IDB.41-PBC.29/2, which offers a wide overview on the achievements, improvements and challenges faced by the Organization during last year.
3. The Group highly values all initiatives, activities and programmes implemented

and planned by the Organization during 2012. The Group highlights the continuous efforts by UNIDO to strengthening partnerships with relevant stakeholders and to continuously promote South-South cooperation, as a mechanism for a higher and sustainable impact of all UNIDO activities in developing countries.

4. According to the Annual Report, the quality of the programmes and project proposals has shown a significant improvement in 2012, resulting in an increase of project approvals. The Group is confident 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.

5. The Group appreciates the Secretariat's efforts in preparing documents for this PBC meeting. The Group will comment on most of the agenda items, in the course of the discussion on each of them.

### **Item 3: Report of the External Auditor for 2012**

Mr. Chairman,

1. The Group of 77 and China has taken note of the report of the External Auditor on the accounts of UNIDO for the financial year 2012. The Group appreciates the valuable contribution of the External Auditor toward greater 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.

2. The Group notes with satisfaction the overall improved utilization of regular budget appropriations in the year 2012. The cash balance of the organization also remained stable toward the end of the year 2012 and the collection rate of outstanding contributions increased significantly over the year 2011. At the same time, the Group notices with concern a shortfall of over 19% of total revenues leading to an operating deficit, attributed largely to a 30% decline in voluntary contributions. We also take special note of more than 65% increase in expenditure concerning contractual services employed by UNIDO, which resulted in a significant increase of 25% in overall expenditure over the last financial year.

3. The Group supports the External Auditor's recommendations regarding clearer description of responsibilities of the desk offices with respect to regional offices. Decentralization of financial and administrative powers to country and desk offices is imperative to averting unwarranted impediments in the discharge of efficient operational activity. The Group also welcomes the External Auditor's recommendation for conducting impact assessment of training programmes offered to the staff for the implementation of Programme for Change and Organizational Renewal (PCOR) and change management initiative.

4. The Group 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 RBM within the broader framework of 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,

#### **Item 4: Financial situation of UNIDO**

Mr. Chairman, 1

. The Group of 77 and China takes note of document IDB.41/4-PBC.29/4, which provides information on the financial situation of UNIDO, reflecting a satisfactory level of expenditure of the regular and operation biennial budgets.

2. The Group values the high level of collection rate reported in 2012 in comparison to prior years, 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.

3. The Group of 77 and China 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.

#### **Item 5: Programme and Budgets, 2014 - 2015**

Mr. Chairman,

1. The Group of 77 and China has examined document IDB.41/5-PBC.29/5 and its addendum 1, regarding the proposal of the Director General for the Programme and Budgets 2014 - 2015.

2. The Group acknowledges the efforts made by the Director General and the Secretariat, to review the initial proposal in response to the withdrawal of an important Member State to the Organization. The Group appreciates in particular, that the amendments have been aimed to minimize the impact on technical cooperation activities.

3. The Group is aware of the challenges of having a reduced budget while there's an increase in the demand for technical cooperation. On this basis, the Group encourages the Secretariat continue to improve the efficiency in the use of the financial resources at its disposal and to redouble its efforts to find innovative ways to finance technical activities in all three thematic priorities.

#### **Item 6: Scale of Assessments for apportionment of the regular budget expenses, for the biennium 2014-2015**

Mr. Chairman,

1. The Group of 77 and China has examined the document IDB.41/6-PBC.29/6 and its

revision 1, regarding the scale of assessments for the fiscal period 2014-2015, which has been calculated on the basis of the latest available United Nations scale of assessments adopted by General Assembly Resolution 67/238, and adjusted to the membership of UNIDO.

2. The Group would like to highlight that expected contributions of a significant number of its members has increased and, that in some cases, it has doubled, therefore the Group believes that this reinforces their commitment to the Organization.

Thank you, Mr. Chairman.

#### **Item 7: Working Capital Fund for the biennium 2014 - 2015**

Mr. Chairman,

1. Regarding the Working Capital Fund for the biennium 2014-2015, the Group of 77 and China takes note of the Director-General's proposal that the fund should remain at the amount of €7,423,030 in accordance with the previous biennium.

2. While acknowledging that according to the document IDB.41/7- PBC.29/7, as at 31, December 2013, the Fund was fully replenished, the Group calls all Member States to fulfill their financial contributions in order to minimize the need to withdraw amounts from the Fund.

Thank you, Mr. Chairman,

#### **Item 8: Medium-term Programme Framework**

Mr. Chairman,

1. The Group of 77 and China takes note of the Director General's proposal, contained in document IDB.41/8 - PBC.29/8, regarding the extension of the current Medium-term programme framework 2010 - 2013 to encompass the biennium 2014 - 2015.

2. The Group endorses the proposal for such extension, bearing in mind the process within the Informal Working Group on the Future of UNIDO, including programmes and resources, and also, the discussions that are taking place in the United Nations regarding the quadrennial comprehensive policy review (QCPR).

3. The Group encourages the Secretariat to take the necessary steps to facilitate this Medium - term Programme Framework be adjusted, if necessary, to the conclusions of the Informal Working Group and the QCPR, without affecting the implementation and delivery of technical cooperation.

Thank you, Mr. Chairman,

#### **Item 9: Strengthening UNIDO programmes through unutilized balances of appropriations**

Mr. Chairman,

1. As regards to this agenda item, the Group of 77 and China welcomes the updated

information on the Programme for Change and Organizational Renewal (PCOR) presented in document IDB.41/9.-PBC.29/9. The Group has fully supported this Programme since the beginning and appreciates the openness and transparency in which its implementation has been conducted and reported to Member States.

2. The Group notes with appreciation that the Programme has been implemented without delay, meeting key milestones, making an efficient use of the available financial resources and involving the staff of the Organization to promote a change in the working culture. The Group is aware of the remaining challenges to full implementation of the PCOR and is looking forward to the Secretariat's report on improvements in technical cooperation delivery, savings in some administrative activities and supporting a high efficient management structure for the Organization.

3. With reference to the Trust Fund on Food Security, the Group takes note with appreciation of the developments reported in document IDB.41/10-PBC.29/10, in particular, the achievements in terms of the establishment of partnerships with relevant international organizations, the significant level of financial resources mobilized through the Fund and the effective use of the ERP system. The Group encourages the Secretariat to consolidate these achievements, strengthening and expanding the network of partners in order to improve the impact of the activities and to ensure the sustainability of the Fund.

4. In relation to the Trust Fund on renewable energy, the Group takes note of document IDB.41/11 - PBC.29/11 which provides information on the recent developments of this Fund. The Group notices with satisfaction, that the Fund has been fully operational since its establishment in 2011, achieving significant results in the field and in leveraging new resources. Recognizing the relevance of the activities financed by the Fund, the Group encourages the Secretariat to strengthen partnerships with relevant stakeholders and to identify new projects and funding sources.

5. In connection with these Funds, the Group expresses its appreciation to the Member States, that according to document IDB.41/12-PBC.29/12, have renounced to their unutilized balances of appropriations to support general and specific activities of the Organization and encourages other Member States to take similar initiatives in the future.

#### **Item 10: Informal working group on the future, including programmes and resources of UNIDO**

Mr. Chairman,

1. The Group of 77 and China expresses its appreciation for the work of the Co-chairs of the Informal Working Group on the future of UNIDO (IWG), including programmes and resources, H.E. Mrs. Ana Teresa DENGGO, Ambassador and Permanent Representative of Costa Rica and Counsellor Alberto GROFF, of the Permanent Mission of Switzerland.

2. The Group highlights the constructive dialogue that has guided this process, which allows us to have an advanced draft of a Strategic Document. In the view of the Group this document should be thoroughly discussed, agreed by consensus, concluded and presented for consideration at the Industrial Development Board at its

41st session.

3. The Group wants to recall document GC.14/14, which contains the agreed Terms of Reference of this Informal Working Group. According to this document, "the IWG shall work towards a substantive outcome through the provision of guidance in the form of a strategic document on the future, including programmes and resources, of UNIDO, to be submitted to the General Conference. The proposed substantive outcome of the IWG is thus the provision of such guidance in the form of a strategic document on the future, including programmes and resources, of UNIDO, to be submitted to the General Conference".

4. Even with the current developments regarding the membership of UNIDO and the election of a new Director General, the Group of 77 and China considers that the outcome reached so far, will be highly relevant for the work of UNIDO. The Group of 77 and China will continue participating actively in the discussions of this strategic document and in any further deliberations regarding the status of the document as well as on how it can be presented as guidance to the new Director General.

#### **Item 11: Financial Regulations**

Mr. Chairman,

1. The Group of 77 and China welcomes the proposal contained in document IDB.41/14 -PBC.29/14 on the Financial Regulations of UNIDO, aimed to revise the deadline for the submission of the report of the External Auditor, in accordance to the schedule of regular sessions of the policymaking organs.

#### **Item 12: Mobilization of financial resources**

1. The Group notes with interest 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 predictable and sustainable financial support to all priority areas of the Organization.

Thank, Mr. Chairman.